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# AUSTRALIAN SOCIAL SCIENCES ✓ OUTLOOK

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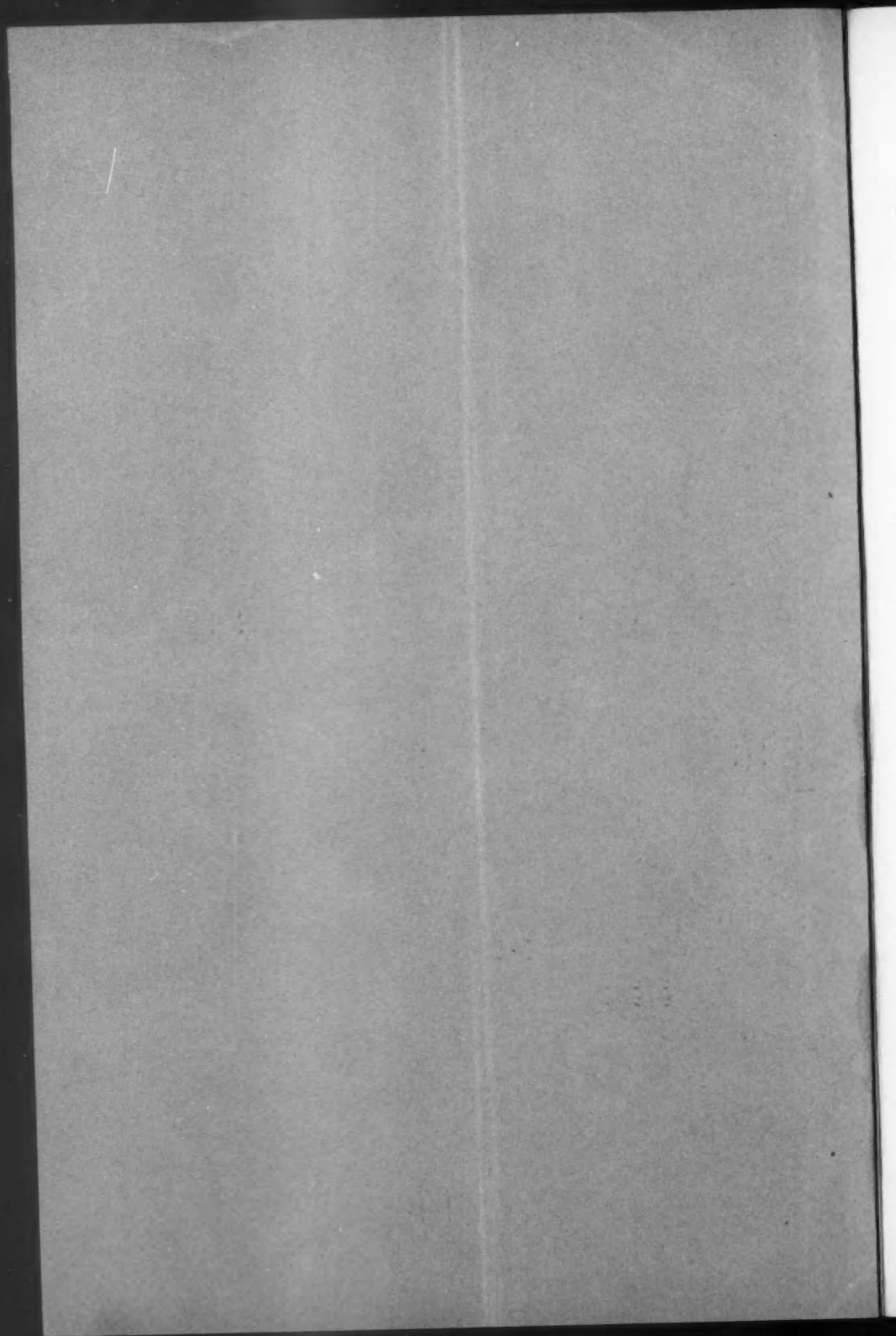
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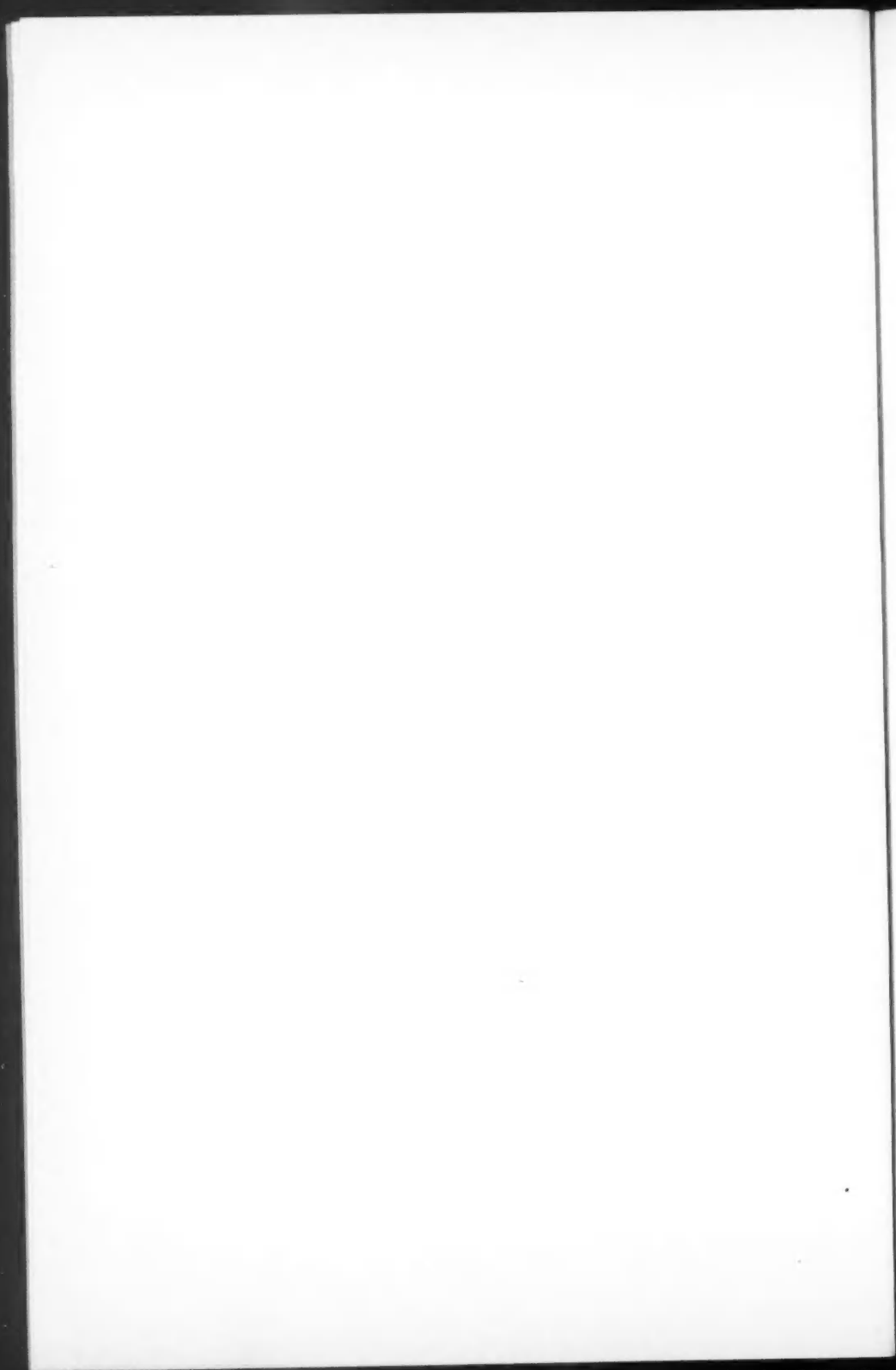
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## **SOUTH AFRICA: A PROBLEM IN RACE RELATIONS CHALLENGE AND RESPONSE**

MARGARET BALLINGER\*

### **A. CHALLENGE**

TO MOST PEOPLE OF OUR TRADITION—and generation—it is natural to see the course of civilisation as challenge and response. And to most of us, certainly to those of us who have lived through two world wars, the nature of the challenge itself seems simple and clear—Can mankind learn to live in peace and harmony as it is brought into ever closer relationship in this modern scientific age?—and will the democratic principle provide the mechanics of an effective response to this challenge?

In this context, South Africa, albeit a small community, would appear to have a special challenge to face. Within its small compass, it includes all the elements that tend to create friction and divide, and thus challenge the democratic spirit. It has two white groups, with very considerable affinities, it is true, but with a background of difference and even of conflict rising at times to open war, leaving its own train of highly emotional memories. It has different languages, different religions, different races, different levels of culture, and it has different colours. And to add to all those complexities, it has different economic levels which have tended and which still tend to follow the lines of other differences, aggravating their divisive force. For instance, it is not so long since our major anxiety and concern was poor whitisim. As late as the thirties of this century, nearly a sixth of our white population could be regarded as very poor and most of those who fell into this category belonged to the older section of our population, the Afrikaners; and even today, Afrikaner Nationalists can propagand the need for Afrikaners to get a greater share in the economic life of the country before there can be real equality (and peace) between the two sections of our white population.

And over against those two white groups, all our Non-European populations, particularly our African population are essentially among the have-nots in the world, though less so than many other have-not groups, for example the Indians of India.

In short, South Africa is a microcosm of the world. It has in a

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\*Member of the South African House of Assembly, representing the Natives of the East Cape, from 1937 to 1960. Mrs. Ballinger was the Dyason Memorial Lecturer for 1960.

## SOUTH AFRICA

domestic form all the problems that tend to complicate international relations. This is a challenge indeed for a small country to meet, even while it postulates a high destiny. Indeed it would seem to be almost too great a challenge in itself, yet its difficulties are still further aggravated by the circumstance that it is a challenge that has to be met under the eyes of a rapidly changing world the emotions of a large part of which are directly and deeply involved. I don't think I need to remind you that South Africa and its policies have been the focal point of many acrimonious debates at UNO. But you may have forgotten that South Africa was first put in the dock by an India just emerging into nationhood who resented bitterly the treatment meted out to people of her kin in South Africa.

I know that this international awareness of other people and their practices is of fairly recent growth—it really dates from the close of the last war—and I must deprecate our failure to work out a happy solution to our problems before the emergence of this highly complicating factor; but judgments made out of their historical context have little value, and neither South Africa as a whole nor other nations were in the past so concerned with popular demands from subject races as they are today. The cry against imperialism and colonialism is indeed a force of comparatively recent growth.

### SOUTH AFRICAN CONTENT

To understand something of South Africa's problems, it is necessary to know both the character of the country—its racial components—and the forces which have shaped their relationship to one another. And I wish to warn you at the outset that it is a highly complex country which even its citizens find difficult to understand. I shall have to begin with some figures but I shall reduce them to the minimum.

South Africa is a country of 472,359 square miles. I know that is small by Australian standards but it is still a considerable area and most of it produces something. Its population according to the last comprehensive census, in 1951, was 12,646,000 in round figures. It is estimated to have risen in the interval to 15,000,000. This places us in the category of small nations with a good deal of living space.

The racial composition of the population is its most significant feature with its distribution almost if not equally significant. In 1951, the European population numbered 2,643,000 or 20.9 per cent of the whole. Africans were 8,535,000 or 67.5 per cent, Asiatics 367,000 or 2.9 per cent and Coloured persons, that is people of mixed origin, were 1,103,000 or 8.7 per cent. Over the four years preceding

the 1951 census, only the Asiatics had increased in relative importance to any considerable degree but not sufficiently to make any impression on the general pattern—Asiatic immigration is barred. Indeed the relative position of African and Coloured in the community has remained more or less constant since the beginning of the century while the European percentage has declined slightly, from 21.6 per cent in 1904 to 20.9 per cent in 1951.

Thus there were, and are, just over three Africans to one European or if we include all non-white groups in the calculation, nearly four non-whites to one white. This means that in Africa south of the Sahara, South Africa has the highest proportion of whites to non-whites. Southern Rhodesia comes next with something over ten Africans to one white. The Federation of the Rhodesias and Nyasaland has some 300 Africans to one white and Kenya has as many as 2000 Africans to one white. (These are the other countries south of the Sahara with an established white population.)

The white group is itself divided into sections, distinguished on the basis of home language. (South Africa is a country with two official languages—Afrikaans and English.) The Afrikaans-speaking section, or Afrikaners as they have called themselves, derive from the stocks which came to the Cape under the Dutch East India Company in the 17th and 18th Centuries. They are just under 60 per cent of the white group. The English-speaking people who constitute the other 40 per cent are mainly derived from the British Isles.

#### DISTRIBUTION

To appreciate the implications of the distribution of this diverse population it is necessary to remember the make-up of the Union.

The Union consists of four Provinces, the Cape which was the original colony occupied by the Dutch East India Company in 1652 and taken over by the British in 1806, the Orange Free State and the Transvaal, the ex-Boer Republics established by members of the older white population who could not accommodate themselves to British ideas and ways particularly in respect of black people and who therefore moved away to found new states of their own where their own views on colour might prevail, and Natal which became a British Colony after the danger of voortrekker occupation of its port, Durban, became apparent to the British authorities at the Cape and in Britain. Thus the history of the Cape Province goes back some 300 years; the other provinces are roughly 100 years old.

Today the white population of all the Provinces is mixed in some degree with the Orange Free State still predominantly English in

## SOUTH AFRICA

speech and sentiment. Of the Coloured population, the vast majority are in the Cape—982,000 out of 1,103,000 in 1951. Of the Asiatic population of 367,000, over 299,000 were in Natal and some 49,342 in the Transvaal. In other words, the Coloured people are a Cape people as their customary name implies—they are usually known as the Cape Coloureds. They were indeed originally a by-product of slavery—for the Dutch East India Company early sought to solve the labour problem of the Cape by the introduction of slaves from their Far Eastern possessions, partly because the indigenous populations, Hottentots and Bushmen, were small and difficult to harness, and partly because the Company did not wish to burden itself with a problem by sovereignty over the local people.

The Indians belong particularly to Natal and are likely to remain so. The small Asiatic community in the Transvaal owes its origin to British control of the old Transvaal Republic in the eighties of last century. The Free State has always emphatically closed its doors against Asiatic immigration and in 1951, there were only 13 Asiatics in the Province. There is generally a complete embargo on the movement of Asiatics within the country except on a temporary basis and then by permit only, and there is a complete ban now on Asiatic immigration.

The African population now estimated at 10,000,000 is, like the European population, distributed over all the Provinces, but its main centres of concentration are in the East and North East. Particularly is this the case in the Cape Province since, when the Europeans first settled at the Cape, the Africans were also in process of migration. They were moving into the country from the East just as the whites were moving in from the West but they had not yet penetrated to the midlands and the South. The two races indeed only came into contact towards the end of the 18th century as the Europeans themselves were spreading East and North, and inevitably the Africans were held by the European advance, for in the border wars that followed their first contact, the issue was never in doubt with guns on one side and assegais on the other.

In 1951, there were 2½ million Africans in the Cape Province, 1,800,000 in Natal, nearly 3½ million in the Transvaal and just over ¼ million in the Free State. But it is not this numerical distribution between the Provinces that goes to make up the significance of the distribution of the African population. It is its distribution between so-called Native areas and the rest of the country.

When the white South Africans did come into contact with the Africans and, having won the control of the land which they coveted, proceeded to govern both land and people, they tended to alternate

between two policies in regard to them, first of breaking up their tribal organisation and scattering the people among themselves, partly for labour purposes and partly for safety, and then of concentrating them in the places in which they were found, in areas which came to be known as locations or reserves. As time has gone on, under the pressure of certain influences of which the most important are fear of African numbers and fear of the competition of cheap labour, the latter policy has tended to be strengthened. So today, the reserves are regarded as the homelands of the Africans while the rest of the country is regarded as European area. I shall have a good deal to say later about the practical and economic significance of all this. At the moment, I am concerned only with distributions and in this regard, the following figures are significant. They come from a very interesting book published early this year. It is called *Our Responsibility* and is written by an ex-President of the Appellate Division of our Supreme Court—Mr Henry Fagan. Mr Fagan was at one time a Cabinet Minister in the Hertzog Government—Minister of Native Affairs—and in the final years of General Smuts' wartime Government, he was appointed Chairman of a Commission of Enquiry into the operation of the Native Laws. His Commission is a landmark in the history of Native policy in this country as evidence of a then changing tide of public opinion. These figures I quote here are based on the 1951 census with his own percentage calculations. Of the 2,492,000 Africans in the Cape Province 1,585,113 or 63½ per cent were in the Native areas and the rest (36½) in the European ones. Of the 1,810,102 Africans in Natal 954,838 (53 per cent) were in Native areas and the rest (47 per cent) in the European areas. Of the 3,480,000 Africans in the Transvaal 737,602 (21 per cent) were in the reserves and 79 per cent in the European areas. Of the 774,190 Africans in the Orange Free State, 26,059 (3½ per cent) were in the reserves and the rest (96½ per cent) were in European areas. In the Union as a whole, 38½ per cent of the African population were in the reserves and 61½ per cent in the so-called European areas. The significance of these figures will appear as we go on.

#### AVERAGE RATES OF INCREASE

I have noted that the relative proportion of Coloured and African to the rest of the population has remained constant throughout this half century. In this connection, it is perhaps worth noting the average rates of increase of each racial group. Between 1946 and 1951, Europeans increased by 2.18 per cent per annum, Africans by 1.79 per cent, Asiatics by 5.15 per cent and Coloureds by 3.51 per



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cent. The average rate of increase of all non-whites was 2.08 per cent and of all races 2.10 per cent.

### URBANISATION

The final set of figures that would seem to be important is that dealing with urbanisation. In 1951, 42.6 per cent of all our populations were in urban areas. But broken down into its racial components, this gives 78.4 per cent whites, 77.5 per cent Asiatics, 64.7 per cent Coloured and only 27.2 per cent Africans in urban areas. But while the process of African urbanisation is one of the most important socio-economic features of this generation, even today this figure of 27.2 per cent of Africans in urban areas scarcely gives a fair reflection of the economic significance of the African population. There is a large movement of Africans between country and town, partly natural to a process of economic change and partly due to public policy which for the greater part of the existence of the Union, has been directed towards discouraging or preventing the permanent settlement of Africans in urban areas.

### OCCUPATIONAL DISTRIBUTION

Before I proceed to deal with the occupational distribution of the various racial groups, it would seem appropriate to remind you that the Union of South Africa is now a highly developed modern industrial state—the only one on the continent of Africa<sup>1</sup>. This places her in a category of her own, and taken with the racial balance between black and white which I have already noted helps to justify her claim to be unique.

This year, she achieves her golden jubilee. A flashback over these last fifty years certainly makes impressive reading on the economic and material side. At the beginning of the period, her economy was a simple one earning a national income of £150,000,000. Between then and now, that income has increased to £2,000,000,000, or re-valued to offset the rise in prices, some £950 million.<sup>2</sup> In 1910, the economy was not only a simple one but an insecure one. Unemployment and poverty were always just around the corner. Today, the economy is highly diversified with agriculture, mining and secondary industry each making its impressive contribution, and together making new demands on the available manpower which they are not always in a position to meet, certainly on the level of skill. Particularly impressive has been the growth in the secondary industries. Today, 25 per cent of the national income is derived from this source. The figure for 1910 has been estimated at somewhere in the region of 5 per cent.

1. Vide Mr Brian F. Macdona—banker—in *African Affairs*, July 1960, p. 219.

2. These figures are from Mr Macdona's address to the Royal African Society.



While all this spectacular development has been built under white direction and control, it has also been the product of the combined effort of all the country's racial groups. While whites have contributed capital, enterprise, initiative and skill, the other groups have mainly contributed the labour on which the whole development has been based. The Indian community indeed has, here as elsewhere, done something more than that. It was first introduced, much against the will of the then Indian Government, as indentured labour to meet the needs of a developing sugar industry which the local African population would not supply. The descendants of these workers do indeed today provide a good deal of the unskilled and semi-skilled labour of the Province though less as the Africans come in to the labour market in increasing numbers. They are also its market gardeners.

In the wake of the indentured labourers came free immigrants, mainly Muslim traders. These latter have developed into a considerable economic force providing much of the commercial activity of the chief city, Durban, and constituting the main trading element in all the smaller towns of the Province. They have also long been an established commercial factor in the Transvaal since they were the class which came in there in the eighties.

The Cape Coloured people supplied most of the agricultural labour and did the unskilled and much of the semi-skilled work of the old Cape Colony. They still do so in the Western Cape Province, although a good deal of African labour has come in there now.

Indeed the Africans supply the bulk of the unskilled labour throughout the country and they provide the broad foundation on which the whole of the modern South African economic and social system rests. The mining industry has always been based on African labour. In 1956, its labour force averaged 501.7 thousand Africans as against 73,000 Europeans. But today, Africans constitute some 60 per cent of the labour force in manufacturing as well. Nor is it only in industry that they have come to play this enormous, indeed this vital part. In agriculture it would appear that their position is almost more vital. Today four-fifths of the rural population *outside the Native reserves* is African and in their hands, according to the report of a recent Government Commission of enquiry into European occupation of the rural areas, is concentrated most of the production of the nation's food.

#### THE POLITICAL SET-UP

Thus economically, all the races of South Africa are essentially inter-dependent—integrated is the term one would commonly use. This, however, would not justify the conclusion that they are a

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community, a South African nation in any accepted connotation of those words. Indeed the political set-up not only suggests but presumes that that is not the objective of public policy.

South Africa has the familiar Parliamentary system of British tradition. But in the midst of a multi-racial society, it presents the surprising feature that it is all white. That is, only white persons may be elected to it—and with one exception, only white people may vote for it. (Indeed, within the precincts of Parliament, and there only, it is possible to entertain the illusion that we are an all-white country and to forget that we are a composite community, for even the messengers and attendants are all white.) The exception to which I have referred is that Cape Coloured males in the Cape Province may elect four whites to represent them in the House of Assembly—this on the basis of a low property plus educational qualification for the franchise. From 1938 to June 30th this year, there were also three members in the House of Assembly, of whom I was one, representing male Africans of the Cape Province who satisfied the same conditions. There were also four elected Europeans representing Africans in the Senate, chosen in their case by all African tax payers on a complicated system of double election. (Note: until last year only African males paid tax but they paid it at the age of 18 while the normal taxation age is 21. The tax was a uniform tax of £1 plus certain additions in rural areas. It has now been extended to women and beginning now at £1/15/0, it is graduated pretty steeply according to earnings.)

The Asiatics are not and never have been represented in either House of Parliament, save as Coloureds in the Cape. In 1946, the Asiatics of Natal and the Transvaal were indeed offered by General Smuts, then Prime Minister, group representation in both Houses on the model of that given to the Africans in 1936. This was to be some compensation for a serious reduction in their property rights in these two provinces demanded of them by the whites in both Provinces, though chiefly in Natal, and embodied in the famous Asiatic Land Tenure and Indian Representation Act which began our particular difficulties at UNO. It was a concession made against the will of the then Opposition which consisted of the party now in office, and with very half hearted support from his own party. It was however entirely unacceptable to the Indians themselves, so it never came into operation and the sections of the Act relating to it were immediately repealed by the Nationalist Government as soon as it got into office.

## A SIGNIFICANT HISTORY

As I have mentioned, the original division of South Africa into the four States that came together to constitute the Union of South Africa originated in the inability of the older white population at the Cape to accept the ideas particularly in regard to colour which became prevalent at the Cape after the establishment of British rule there and which came to inspire a more effective administrative control than the old settlers had been accustomed to. Their discontent began with the new Government's attempt to extend the rule of law to indigenous populations hitherto not recognised as belonging to the community although entirely economically subservient to it. This meant in effect an attempt to regulate the relations between the white population and the Hottentots who had ultimately become their servants, relations which had hitherto been in the hands of the farmers (boers) themselves. (Slavery did not extend beyond the immediate Cape area to any degree.) It was further aggravated by the emancipation of the slaves, by methods which increased the irritations of the change, and was eventually heightened to breaking point for many of them by the Government's attempts to control frontier expansion and the land hunger which tends to become an irresistible urge to frontier people.

Together these created a sense of frustration among people who for a century and more had largely gone their own way and regulated their own relationships with the non-whites with whom they had come into contact, and eventually the irreconcilables trekked beyond the borders of the Colony to found the new States of the Transvaal and the Orange Free State where they might live according to their own ideas, and that meant no equality in Church or State. In the meantime, the Cape Colony pursued its own course towards the development of representative institutions and later to responsible Government established on the basis of a colour-blind franchise with sufficiently low qualifications to be within the reach of some Africans. It is true that towards the end of the century the Cape stepped up qualifications for the franchise as its frontiers were extended to take in large groups of Africans hitherto untouched by western contacts; but the franchise itself remained a non-colour-bar franchise.

Thus as circumstances following on the Anglo-Boer war led a divided South Africa to the conviction that its best future lay in a political reunion, North and South were already well set in their contrary ways, with Natal taking a course somewhere between but leaning rather to that of the North than towards the Cape policy. Representative institutions were indeed established there in 1856

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without colour bar but, nine years later, that position was revised to make African access to the voters' roll a matter of grace and not of right even for those who attained the qualifications laid down for the franchise. In 1893, the Colony achieved responsible government, and nine years later the Indians, who so far had not been discriminated against, lost their right to the franchise by an amendment to the Franchise Act which excluded people derived from countries which did not enjoy 'elective representative institutions'. The amendments did not exclude persons already on the voters' roll but between these two provisions, few non-Europeans ever succeeded in exercising political rights in Natal.

When a National Convention got to grips with the business of constitution-making for the new Union, it was found impossible to effect any reasonable compromise between the two contrary policies. In the issue it was agreed that each state should, as a province, keep its own practice, with one notable change—that while Non-Europeans (African and Coloured) should continue to vote with Europeans in the Cape, no Non-European might be nominated as a candidate or sit in Parliament. However, as a concession to the Cape disappointment and anxiety about the future, it was agreed that the Non-European vote should be entrenched in the Constitution behind the need for a two-thirds majority of both Houses sitting together to effect any further reduction in its value.

Thus the Act of Union became in effect a white instrument made by and for white people. In this regard there are certain historical facts that should be borne in mind. The first of these is that the majority of the Africans whom the contracting parties had in mind when they drew up the constitution were in fact people without knowledge or experience of western ways of life. Their contacts were less than half a century old. Even the Cape, as I have noted, felt impelled to differentiate between those who were brought under its control in the seventies and those who formed a settled part of the older areas of the Colony—a differentiation that was based implicitly on culture and not on colour.

A second fact of some importance is that at the beginning of this century, while the struggle for the rights of white Colonists to aspire to and to achieve self-government had already a considerable history dating from the American War of Independence, a similar conception of the future of non-white peoples itself lay quite far in the future. Indeed it may almost be said to be the product of our own time and a fairly recent time at that.

In fact, at the time of Union, there was little talk of or preoccupation with Non-European rights even among Non-Europeans themselves. The real and essential concern of those who planned for and

## MARGARET BALLINGER

eventually succeeded in making Union was finally to close the long chapter of division and hostility between the two sections of the white population and to weld all white South Africans 'into one South African Nation'. General Smuts stated the case thus:

The greatest and most pressing need of South Africa today is the welding of the various sections of its white population into one compact nationality inspired by one common pervading spirit. That has been the ideal of all true South African statesmen, and now, with one common flag over South Africa, with the sobering effect which the dreadful experiences of the last decade have had on its people and the spirit of mutual respect and reconciliation which is noticeable everywhere in the land—this ideal has become practicable and attainable.<sup>3</sup>

Thus Union was launched with the recognised need and the declared intention of creating a united white community in South Africa, to bring Boer and Briton into one South African nationhood. But although the political rights of Non-Europeans were not immediately at issue, there were people, and very responsible people including General Smuts himself, who realised that the place to be accorded to the Non-Europeans had sooner or later to be defined. That it would be a difficult process of definition no one had any doubt. But in the world of the early twentieth century, there could be no doubt as to the direction which events would take. Those were the days before Nazism and Fascism, when the belief was firmly held that the progress of civilisation was to be a steady broadening out of the democratic spirit to embrace all men. The process might—would—be slow, and in South Africa its foundation must be the coming together of the white sections of the population. With this achieved, the rest would follow.

Here was South Africa's immediate challenge. And already it was sufficiently complicated by historical circumstance. The tempo of events was speeding up to complicate it still further. I have already shown some of the things that have happened on the economic and political fronts. In the following section, I shall try to tell of some of the things that have not happened, and to explain to you—if I can—why after fifty years of Union we are still seeking unity between white and white, and why the problem of relations between white and black has now reached crisis point.

### B. RESPONSE

I have already described to you the extent to which all Non-European groups have been drawn into the industrial life of the

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3. Quoted by L. M. Thompson in *The Unification of South Africa—1902-10*

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country. It would be legitimate to expect that the great economic advance of South Africa which has occasioned this development would be accompanied by a great advance in the educational and social standards of the Non-European population also, and by a corresponding increase in their political rights. There has indeed been a very considerable advance on both the educational and the social fronts. Today among all our Non-European populations, although there is still much poverty—far too much—there is a growing middle class enjoying a considerable degree of comfort and encouragement to material ambitions. This is a particularly notable development among the African population. Although there is still a considerable degree of illiteracy among them, more and more children are being got into schools, and the area of education has been both deepening and widening at a rapid pace. We have, not unnaturally, the most highly-developed and the most highly educated African population in Africa. We alone are in a position to supply the needs of neighbouring states for African professional personnel, teachers, University lecturers and others for many of whom this offers better opportunities than are available to them at home. Unfortunately the present Government is not always willing to let them go. And on the social side, over much of the African field, there has been almost a revolution in living conditions and habits during the last twenty-five years.

On the political side, however, there has been no comparable advance. On the contrary, the Non-Europeans have progressively come to exercise fewer political rights, to have less share in the processes of law-making. In the early thirties, the value of the Non-European vote in the Cape, entrenched in the Constitution, suffered a very considerable indirect reduction—and incidentally for the first time became a differential vote. This was by the enfranchisement of European women and the establishing of an adult as against a qualified franchise for all Europeans in the Cape. In 1936, it suffered a direct and much more serious reduction. In that year, the Cape African voter was removed from the common roll altogether and was placed on a separate roll by which he could control the three seats in the House of Assembly and the four in the Senate to which I have already referred. It is true, the Africans of the other Provinces now shared with the Cape the right to elect the Senators who were to represent them—the first time any African outside the Cape had any say in the composition of Parliament; but neither in the Cape nor in the other Provinces was this regarded as a compensation for the loss of the old Cape franchise to which



## MARGARET BALLINGER

all Africans clung as the possible starting point for the extension of common voting rights to all the Provinces.

In 1958, the position of the Coloured voters in the Cape was brought into line with that of the Africans—that is the Coloureds were removed from the common voters roll and placed on a separate roll with the right to elect four white representatives to the House of Assembly. They were however given no elective representation in the Senate.

Most significantly this change was achieved after a long constitutional battle ending in a manufactured majority which in effect wiped out the entrenchment of all Non-European voting rights. This arose from the determination of the Government which came into office in 1948 to do away with the Coloured franchise in the Cape and its failure to get the requisite majority of seats in Parliament to fulfil the terms of the Constitution, that is to pass the change by a two-thirds majority in both Houses. For several years it endeavoured to circumvent the Constitution by one expedient after another, all declared *ultra vires* by the courts. These included the remarkable attempt to turn Parliament itself into a High Court which, with its simple majority, might accept the Bill providing for the change in the status of the Coloured voters. In the end, it hit upon a device that was found to be legally permissible. This was to reconstitute the Upper Chamber. By this means it was able to create the majority which the electorate had so far denied it. Having achieved its objective, it then formally re-entrenched the new Coloured political rights but that gave little guarantee of the *status quo* since it in turn can always be circumvented by the same process as before.

And last year, by a simple majority in each House, African representation was finally abolished—the Government having made no pretence of re-entrenching it. Thus today there is no elective representation of Africans in Parliament at all.

There is one fact necessary to complete the political picture. When Union was formed, provision was made in the Constitution whereby out of eight members to be appointed to the upper house, the Senate, four should be chosen for their knowledge of the legitimate wants and wishes of the Coloured races. This year, 1960, the Senate having been artificially and extravagantly enlarged to create the majority necessary to remove the Coloureds from the common roll, the Government brought in legislation designed to restore the Chamber to more reasonable proportions, but in so doing, omitted this provision of the original Constitution. It is not without its significance that when the Senate was enlarged to enable the Government

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to take away the entrenched rights of the Coloured people—a proposal to which the Coloured people were themselves bitterly opposed—part of the process of enlarging was to double the number of the members supposed to know and to guard the interests of the Coloured races. Perhaps that was not more cynical than the defence of the exclusion of the original provision from the Bill to reconstitute the Senate this year. The Minister of the Interior, in introducing the measure, held that the provision was no longer necessary since every member really knows all it is necessary to know of all the people in the country and is therefore qualified to represent and to speak for them all—a curious approach to the mechanics of democratic government indeed. In the end, the provision was restored, but in terms of a definition of Coloured races which excluded Africans.

Actually there is likely to be little regret over the disappearance of this provision from the Constitution. On all too many occasions this appointed representation has been an empty gesture. But the mere fact of its omission would seem to be significant in relation to the happenings elsewhere in the world, and particularly elsewhere in Africa. There, an ever larger share in the business of government has been and is being extended to all sections of the population, while in South Africa the course of events has been in the opposite direction. And, in the process, Africans have lost not only political rights but other rights as well.

This is indeed a phenomenon that calls for explanation. That explanation is to be found in what has been happening to the white population, and in the forces that have shaped its approach to the problems of race relations and determined its race policies. I have already indicated some of the factors in this situation, the forces that tended to divide the population into two groups, English-speaking and Afrikaans-speaking, and the hope that had inspired the makers of Union that Union itself would bring them together to form the basis of a broad African nationhood.

This, alas, has not happened. On the contrary, a strong cultural tradition with a deep emotional content has led to an increasing tendency for the older population to draw into themselves and to counter the emotional and psychological effects of past trials and defeats by the claim to represent *the* essential South Africanism. With their superior numbers within the European group, if they could keep together, they could eventually control the country and guide its destiny according to their own ideas. Those ideas naturally derive from the peculiar circumstances of their history in which the determining experiences would seem to have been early familiarity with



slavery, and, as they moved into the hinterland, first as cattle farmers seeking new pastures and later as dissidents seeking a new country, frontier struggles with tribal people for possession of the soil. To these was added later, the fear of swamping by overwhelmingly greater numbers; and later still, the danger of absorption by another and an alien culture through the re-inforcement of other white elements by immigrants of different traditions and attitudes from their own. For, bred and nurtured in South African conditions, they had grown away from the stocks from which they had themselves originally come, and so could find no outside source of re-inforcement for themselves. Indeed they were as increasingly conscious of differences from their own original sources as they were of deep divergence of view and habits of thought between themselves and many of the other white groups who had come to share South Africa with them. They came to see themselves as the makers and guardians not only of a white South Africanism but of an Afrikaner white South Africanism that can find a place for those who will accept its values, of which the most important is the possession of a white skin.

How have they succeeded? Here let me quote the opening paragraph of Mr Fagan's book, addressed particularly to his own section of the South African people. He writes: 'In the short period of the life of a single generation we as an Afrikaner people—the Afrikaans speaking portion of the white population of South Africa—have raised ourselves from a position in which we had to fight for the recognition of our language, our culture and our national aspirations to one in which the political destiny of South Africa lies in our hands. Our preponderance in voting power is a guarantee that no matter what new orientations may emerge in party politics, we can be assured that for the foreseeable future, the administration can never pass into the hands of a Government that is not dependent on strong Afrikaner support'. Expanding this thesis, he says: 'less than one-eighth of the number of inhabitants of the country . . . we the Afrikaners have unchallengeable control'. He adds significantly: 'We may rightly pride ourselves on our achievement. What is more important, however, is that we should at all times bear in mind *the responsibility which is inseparably linked with power*'. (The italics are his.)

In other words, the hopes of the cultural and political inspirers of Afrikanerdom have been realised. Their people have come together to the extent that they govern the country—and with an exclusively Afrikaner Government, with immigration practically barred, and with the mechanics of the political situation in their hands (how

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important this is), all other things being equal they are likely to continue in control for as long as we can see ahead.

Thus the responsibility for the decision on the vital issue of race relations is in their hands.

### THE RESPONSE: APARTHEID

Their decision is separation—*apartheid*. The objective of all people, they contend, is not prosperity or even peace, but self-preservation. They see their first duty, the challenge of destiny to them and to South Africa not the creation of a multi-racial state but the preservation of whiteness. They equate this with western Christian civilization, of which they feel themselves to be the guardians in Africa, and they see both menaced and ultimately drowned in a black sea unless high enough walls can be erected against the tide. For they have come to believe that races are essentially and unchangeably different—that they are in fact unassimilable and in their own interests they should and indeed must be kept apart.

But how is separation to be achieved where the races are already so extensively inter-twined economically as they are here? That indeed would seem to be an issue of overwhelming magnitude. It would appear to involve not only a major change in economic organisation, itself involving a significant change in a traditional way of life, and a possible, nay probable, change in standards of living which have become a matter of what the economists call established expectation. Further, separation to have even an appearance of morality must postulate a surrender of land.

These are indeed high prices to pay for the security of the white race. Too high to ask of any electorate at the moment. But there is no need to ask it yet. They can be given time to condition themselves to the need for such sacrifices since the Africans to whom the policy is specially aimed are themselves not nearly ready for it. They must be trained to manage their own affairs and stand on their own feet and that will be a very long process indeed. The business of the Government is to set a direction, which will lead succeeding generations to this goal if they consider it a desirable and right one. That gives the present generation a breathing space—and enough to do. For the process of economic integration must be reversed and the bonds that have been progressively binding all races more and more closely together and have suggested that we were or were in process of becoming one community must be loosened in preparation for the eventual change.

### HISTORY OF SEGREGATION

So far as Africans were concerned, the policy already had a foundation to work on. The core of Afrikanerdom had always be-

lieved not only that there should be no equality between white and black but that the races should be kept as much apart as circumstances would allow; and even before Union, there had been a considerable degree of separation which the then stage of economic development did not challenge. Very soon after Union, however, pressure began to be exerted for the application of a general policy of segregation to counter a tendency that seemed to be developing in the opposite direction. The first triumph was a Natives Land Act passed in 1913, which laid the foundation of a separation of property rights. Africans were not to be allowed to buy land or to occupy land save as servants except in special areas. Immediately, the then existing Native reserves were scheduled as Native areas under the Act, but even at that time only about half of the African population were domiciled there. The maximum amount of land to be made ultimately available under this plan was to be determined after a full enquiry into the present and future needs of all the people. It is significant that this was not done until twenty-three years later. Even then the amount was determined but the actual areas thus to be opened to African acquisition or occupation have not even yet been defined—South Africa finds it easy to decide on separation but difficult to give it form and content if it means surrendering land. The whole amount that may accrue to the African people is some 13 per cent of the country. Government spokesmen are always anxious to underline that what is already in use by the Africans under this scheme is the best land in the country. The appropriate description of it is that some of it is among the best farm land in the country—some of it is not. Much of it has been eroded and wasted by bad farming methods and serious overcrowding. And in all, it is less than the amount of land actually occupied by Africans in 1913 when the policy was decided upon. A considerable proportion of the total amount still remains to be acquired but the Government is against forcing the farmers to part with it until the Africans learn to use better what they have now. And it is difficult to see how they can use it better until there are fewer people on it and there is more money to capitalise it.

#### SEPARATE OR CHEAP LABOUR

All this applied to rural land only. In 1925, an Act applying to Urban Areas was passed under which it was suggested the towns were white areas in which Africans should not acquire property. It failed to establish this principle specifically but it initiated a system under which Africans could only come into towns if there was work for them and could only remain in the towns so long as they remained in employment. Housing was to be provided for them by

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the public authorities who could thus keep control of the situation and limit their African regulations to what their rate payers (white) were prepared to pay for. Such housing was of course to be in special areas set aside for this purpose. Today every town and village has its African township on its outskirts.

The gap in regard to property rights was filled in 1937. It was then explicitly laid down that Africans might not buy land except in areas specially released for that purpose by the municipal authority in consultation with the Government. It also laid down that a wife had no claim to join her husband unless and until he had been in continuous employment for two years, and even then she might come (a) only as a visitor, and (b) only if and for so long as there was accommodation for her in the Native township.

Another side of this picture was the regulation—and limitation—of economic opportunity for Africans coming to town. As early as 1911, legislative provision was made under which Africans were excluded from skilled work in the mines, then South Africa's only real industry. In 1925, the legality of the provision having been called in question, the principle was firmly established in a clarifying amendment to the original Act. By this time, over an expanding industrial field, it was unnecessary to legislate since a strong exclusive trade movement based on an apprenticeship law that laid down what was for Africans then an unobtainable educational standard of entry, kept the upper levels of the labour market out of African reach. So far as the lower levels were concerned, a white labour policy under which encouragement and protection were offered to budding secondary industries in proportion to the willingness of employers to employ white labour placed them in a subordinate position even there.

This increasingly comprehensive policy has gone down to history as the Hertzog policy of segregation. It was indeed given its shape under the Hertzog Government which came into office in 1924 in alliance with a white labour party, the Government known as the Pact. The policy itself was formulated under the influence of the forces which had brought this Government into office, of which the main one was the insecurity in the labour market and the alarming spread of poor whiteness. In an economic phase of which violent depressions were a recurring feature the white artisan with a comparatively high standard of living and the white peasantry endeavouring to accommodate itself to a new society had this in common—both faced and feared the competition of cheap black labour, itself being forced into the labour market by the inadequacy

of its territorial basis. On this frontier, in all the circumstances, the odds were not in favour of the whites.

So the objective of the policy was simply to protect whites against blacks and insofar as it sought any moral justification, beyond the claim that charity begins at home, it was argued that African needs were fewer than white needs, which was mainly true, and that all Africans had homes in so-called Native areas, which was not true.

#### AFRICAN REACTION

In the later thirties, poor whitism disappeared not through this artificial aid but through the great expansion of the economic system which itself drew more and more Africans into its vortex. Prosperity, bringing with it a state of full employment, did indeed lead to a general softening in the administration of the law while the emergence of new industries not tied to old labour patterns provided some scope for an advance of Africans into the ranks of the semi-skilled and even here and there to skilled levels (very rare). But the policy and the laws on which it was based remained—to render the advance slower than it should have been, to create rough edges, and to underline the fact that it was merely a policy of discrimination. Throughout the war years, the growing frustration which these circumstances engendered was temporarily checked by a rising standard of living, a quite impressive expansion of social services in which all races shared in varying degree and a hope of better things politically encouraged by war-time propaganda in regard to human rights. Then came the Nationalist victory in 1948 and a new version of segregation which supplied a philosophy to justify discrimination and in so doing, threatened the economic and social advance that had been made by the Africans, and dispelled all near hope of widening political horizons. Afrikaner nationalism now claimed that colour is a permanent and unchangeable source of difference. It argued that the difference could not be 'educated' out, and it should not and indeed could not be bred out. And it claimed that white South Africa's duty, the challenge of its destiny, was to preserve *whiteness* in this continent of black men, from which indeed it almost claimed an independent existence in view of its prior occupation of the Cape Colony.

Committed thus to a philosophy of race, the new Government proceeded to emphasise every difference between the races here and to plan to maintain them. This it seemed could best be done by more and more separation. But this must be not only physical separation; it must now also be cultural and political. Thus the old claim was re-emphasised that there were white areas in which the interests of whites should predominate (and these had always included all

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the urban areas, even those that had grown up in Native areas) and black areas where black interests should have precedence, the Native reserves. But to this was added the claim that western ideas, practices and organisation which had been spreading among Africans for at least half a century, should be discouraged or changed in favour of traditional forms based on African practices and ideas.

### APARTHEID IN PRACTICE

(i) *The Economic Front.* In pursuance of this policy of loosening the bonds and setting the direction, on the economic front, the first move was to underline the contention that Africans were only temporary residents in the urban areas, without rights there, and to set about strengthening the law to make this a reality. No African should own property in an urban area and such scraps of freehold as had survived the earlier segregation policy and less draconian days were to be wiped out. Africans might have freehold in an African area—that is a rural area in which the Government proposed to proclaim and survey new villages, but not in developed 'white' towns. This is a policy that has been and is being applied with vigour.

Then no African, man, woman or child, may now come into an urban area and remain for more than 72 hours without a permit to do so, and no African can claim permanent domicile in an urban area. In the past, the law in this regard was severe enough. To qualify for permanent residence in an urban area, an African had to work for ten years with one employer or have fifteen years unblemished record in the town—or have been born there. Now none of those qualifications give permanent security. In all cases, if the individual goes away for any length of time, he can only come back into the town with a permit that states the job he is coming to or gives him limited authority to look for work.

The authority to look for work is now limited in two directions—both as to time and as to the nature of the job a work-seeker may be allowed to take. For one thing is essential to the work of loosening the bonds—Africans must not penetrate more deeply than can be helped into the economic life of the towns. This is an objective enshrined now in a recent amendment to our Industrial Conciliation Legislation whereby the Minister of Labour is empowered to establish job reservation on a racial basis in any industry or occupation. The declared objective is to prevent changes in the racial composition of the labour market (it covers all types of occupation) in the interests and for the protection of white workers, although it is claimed that it can and will be applied also to defend other groups, i.e. Coloureds against Africans. And finally, while



trade unionism has not been made illegal for Africans, all the processes of collective bargaining are denied them. This extends to denying European trade unions the right to have African members, even if they should wish to do so.

(ii) *Cultural and Political Separation.* On the cultural side, the most significant changes are in the field of education. In the past, separation in the schools has been the common practice in South Africa. But African schools themselves were under the control of Provincial education departments which controlled all schools in the province. In the field of higher education, which is a function of the Central Government, more and more Africans had been seeking entry to the established Universities, particularly those of Johannesburg and Cape Town where they were received, while a Non-European University College, sited in the Eastern Cape Province, after some 45 years of development was looking forward to the status of a full University. In Natal, the University there had built up a considerable Non-European adjunct to itself. All this system seemed to the apostles of apartheid quite incompatible with the maintenance of racial characteristics. Its only effect, they maintained, was and must be to produce people who were neither African nor European. It should therefore be radically altered. Legislation was accordingly passed to put African primary and secondary education under a specially created central Government Department of Bantu Education (an Afrikaner Government prefers the term Bantu to African). This was followed by legislation making it illegal for 'white' Universities to take in black (or brown) students except by special permission of the Minister of Bantu Education. By the same legislation, the Government undertook to establish Bantu University Colleges—to cater for the various tribal groups in the country—for the Government sees the Africans not as one group but as several, differentiated by language and custom, who should themselves be kept separate. It has transformed the African University College to fit into this pattern by making it a College for the tribal groups found in the Eastern Cape.

Finally on the political side, I have already mentioned that African representation in Parliament—the white man's Parliament—has come to an end this year. On the lower level, that of local administration, elective institutions which had been growing up over the last sixty years have been replaced by so-called Bantu Authorities more in line, it is claimed, with African tradition. These consist of people with a traditional place in the hierarchy of the community, to whom are added direct nominees of the Government.

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### NO TERRITORIAL SEPARATION—YET

All these changes will be seen to hang together and, though drastic, are justified on the ground that, one day, the Africans will enjoy economic and political rights in areas of their own where their own cultural values will give shape and content to their institutions. In those areas, whites will have no rights.

The difficulty is that, while economic exclusions are already widely applied against Africans, and enforced by legal sanctions which deny freedom of access to property and limit freedom of movement as well as freedom to seek work and to sell their labour in the best market, compensating rights elsewhere hang fire for a variety of reasons. Of these the most compelling is the difficulty 'white' South Africa has in parting with land and the labour to which it is now accustomed. More immediate is the entirely undeveloped nature of the reserves which gives the African no resources to fall back upon. Add to this a firm determination on the part of the present Minister not to allow private enterprise to assist in the development and diversification of the economy of these areas—while economically limited as they are, Africans themselves lack the resources to help themselves in this regard, and are not likely to come by any.

In all these circumstances, the policy becomes one not of separation, but of discrimination and cheap labour. The result has been that tensions have arisen and frustrations spread until they have erupted into unhappy incidents of which the latest, those associated with the names of Sharpeville and Langa, have echoed round the world to our discredit, and have made our jubilee year a year of crisis, with wholesale arrests of people of all colours and a state of emergency that still hangs over us.

Here there are two facts to which I should particularly like to draw your attention. The first is that arrests in connection with African demonstrations against what they regard as unjust laws and intolerable interference with personal freedom now involve people of all races and colours. The second is that the general state of emergency which has followed the most recent demonstration also affects every section of the population.

So far I have been dealing with the policy of apartheid particularly as it affects Africans. But what of the other Non-European groups? Here the answer is that if Africans have found this process of separation intolerable, the other Non-Europeans have found it equally if not more so. If Africans have found the prospect of a national home where they might enjoy the rights of free men shadowy and nebulous, for Asiatics and Coloureds it has never assumed the shape even of a shadow. They have no reserves to give a vague semblance



of the possibility of a foundation to the policy and no one has so far proposed any substitute. For the Coloureds, it has merely meant separate residential areas where, limited as the Africans are by job reservation and other obstacles to advancement in the common economy, they can take in one another's washing. (They are also subject to the exclusion from the Universities.) For the Asiatics, the policy involves this too but with this added disastrous implication. Today in all the towns of Natal and in many in the Transvaal, as I have said, they have formed an important commercial class earning their living by serving all sections of the population. Now they are being moved to self-contained areas where their clientele is reduced to their own people and their means of livelihood has shrunk almost to vanishing point.

All this is happening under the terms of a Group Areas Act which aims at zoning the whole country on a racial basis, re-inforced by a population register and a mixed marriages Act designed to put the population groups throughout the country into a rigid frame for all time.

The effect of all this has been to create tension and frustration among all these groups also, and a degree of hostility to the whole policy of separation that makes many of their members appear to the Government as a danger to the state.

And so far as the whites are concerned, it is significant that a considerable number of them were among those who found themselves behind bars this year in the sweep-up of supposed enemies of the state. This is not the first time that whites have found themselves thus involved. In the now famous Treason Trial which has been going on for a number of years, the persons affected were of all races. But the net widened this time to take in people whose only crime was opposition to the policy of apartheid and sympathy with the Africans particularly over the pressures which the policy exercises on their daily lives.

Thus the policy of separation as we know it would scarcely seem to be a happy or successful response to the South African challenge. Whether it ever could be a success we could only judge if it were applied with speed and at the great price that that would involve. But that seems too dangerous for a political party to face.

But if the policy does not go ahead at that speed and that price, there are still costs to be faced, even by those in whose interests it has been conceived and is being pursued. These include growing economic insecurity begotten of racial unrest, and limitation on every one's freedom in the effort to contain the opposition of those

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most immediately affected by it.

These are now giving a new and more active direction to the belief, hitherto rather loosely held by those Europeans who have not accepted nationalism as a creed or a party, that South Africa is and must remain a multi-racial country and that the response to this challenge must be found in facing and coming to terms with that fact and not as in the proposed and now seemingly impossible separation, in running away from it.

THE EUROPEAN ECONOMIC COMMUNITY<sup>1</sup>

I. BOWEN\*

## THE FOUNDING OF THE EEC

THE EUROPEAN ECONOMIC COMMUNITY was founded by a Common Market Treaty, signed at Rome on March 25th, 1957. The signing came as a surprise to many people, but was a likely consequence of the fact that the six powers had already agreed on common principles at Messina two years earlier. A second treaty of Rome set up a European Atomic authority. This momentous change in Europe's affairs set in train a series of consequences, both economic and political.

Ten years earlier, following General Marshall's speech at Harvard University in June, 1947, sixteen countries which had met to co-operate on his European Recovery Programme formed in April, 1948, the Organisation for Economic Co-operation. The OEEC has since functioned as an inter-governmental conference in permanent session, with a Secretariat independent of any national administration, but will shortly be replaced by the Organization for Economic Co-operation and Development, a new international body with substantially the same co-operative intent as the OEEC but with a wider outlook and more flexible methods.

Two other attempts at European co-operation in the period 1947-1955, the European Political Community and the European Defence Organization, foundered when some of the countries involved, e.g. France, failed to ratify them.

The history of the European Coal and Steel Community (ECSC) is closely connected with that of the European Economic Community. Signed by the Foreign Ministers of the Six in April, 1961, the ECSC Treaty provided for a High Authority which has come to reflect a certain European point of view, and which demonstrated its ability to oppose on occasion the strong vested interests of some of the member countries. The Rome Treaty, therefore can be interpreted as a natural extension of the 1951 ECSC Treaty, both as to its signatories, and in its anti-monopolistic provisions.

What were the basic differences between the approach to European unity through free trade—as favoured by the British—and the EEC's approach through a common market? The free trade approach leaves the individual countries free to administer their own tariffs, always, of course, in consultation with their colleagues,

1. Adapted from a talk given to the Australian Institute of International Affairs, Perth, July 1960.

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whereas the common market method aims at a common tariff. This difference may be mitigated if countries in the Common Market always aim at reducing rather than raising tariffs.

However the differences of purpose go deeper. The Rome Treaty, a most elaborate document, begins by setting up a common market and a common external tariff, that is a customs union, for all goods, but it aims also at common policies to be devised for agriculture, transport, labour and other important factors of the economy. It sets up common institutions for economic development, and it brings the overseas territories and possessions of all member states into the community for a trial period of five years.

Most importantly, it creates new quasi-political institutions: an Assembly of 142 members, elected from the National Parliaments is to meet once a year and to discuss the annual report of the Commission; a Council of ministers which is to take decisions either unanimously, or by simple majority, or by a weighted majority, according to various circumstances laid down in the Treaty; a Commission with nine members is to be jointly appointed by the member governments, for four-year terms though eligible for re-appointment; a Court of Justice, common to the three communities (EEC, ECSC and Euratom), is to supersede the existing Court of Justice of the European Coal and Steel Community; and finally, there is to be an Economic and Social Committee. Within a transitional period of twelve years, which might be extended to fifteen, there are to be three stages, each lasting four years in principle. But because of the great success of the Community the Hallstein Plan of 1960 proposes to hasten this process.

The Treaty also allowed subsidies for social reasons only, and forbade them for the purposes of dumping exports within the area. While member countries were left free to pursue their own currency and monetary policy, co-ordination was also provided for these. Further, it was proposed that there should be a European Social Fund, specifically to retrain workers who might become unemployed as a result of the Common Market, and to move them to new employment. Without these important provisions the free movement of labour within the whole area would never have been agreed to. Lastly the Overseas Development Fund was formed from agreed national contributions fixed in EPU units (that is to say million dollars, EPU), and it is to arrange for the financing of projects by responsible authorities of the member countries.

The protocols at the end of the Treaty safeguard members having peculiar problems; e.g. France is to retain, subject to review, some temporary export subsidies; Italy may go on with its ten-year

industrial plan; the Netherlands ratified the Treaty on behalf of Dutch New Guinea.

The formulation of a customs union over an area of the EEC's population and industrial potential was a great historic event. It is noteworthy that similar schemes in other parts of the world, beginning in the same way with American aid, such as the Colombo Plan, have not so developed, nor have they generated new political institutions.

EEC would seem to have cut the ground from under other European institutions, such as the OEEC itself and, in a wider view, from under Western European union, which consists of seven non-American NATO countries including Britain; and the Council of Europe, set up in 1949 by fifteen countries, two others (Portugal and Switzerland) being invited to attend some of its meetings (See Table I) for the purpose of uniting its members in culture, social security, medical matters and so on. But the United Kingdom has adverted, early in 1961, to several of these older institutions, as possible instruments in its tentative approach to common action with the Six.

#### UNITED KINGDOM POLICY

The question arises why the United Kingdom stayed outside the Common Market. The short and official answer has been that she worked continuously towards the objective of a wider free trade area, and was willing to make the concessions as required of a signatory of the Rome Treaty.

Her objections were stated repeatedly—in October 1956, after consultation with the Americans in Washington; in a White Paper issued in 1957; in speeches made by Mr. Macmillan on his visit to Australasia, particularly in that which he made at Christchurch in 1958; and again following the Montreal conference of the Commonwealth in October 1958. The lines the objections took varied. In the first place Britain was unhappy about submitting her own agriculture to any of the agricultural arrangements proposed in the campaign toward a common market; later this objection was modified, and an amended suggestion, not unlike the agricultural provisions now adopted by the Common Market was advanced. Secondly, the European countries for their part raised the difficulty of defining the origin of goods under the proposed free trade scheme, and sub-committees were set up to examine this question. The United Kingdom asked for a certificate-of-origin system. Thirdly and most seriously, the United Kingdom objected to the harmonization of tariffs, which would sweep away the last vestiges of Imperial Preference, and place agricultural and other exporters from the Common Market

countries in a more favourable position in relation to the British market than any of the Commonwealth countries. Notice that throughout the negotiations it was assumed that overseas territories and possessions would not form part of the EEC, and that only in the last stages did France very suddenly insist on including her overseas territories.

The Commonwealth structure, the alternative to which the United Kingdom seems to be clinging, is based on (i) the preference system—'Imperial Preference'—begun at Ottawa in the early 1930's; and (ii) the Sterling Area arrangements, which are the common currency arrangements of most of the British Commonwealth and also of some non-Commonwealth countries, but which exclude some important parts of the Commonwealth such as Canada. On these two pillars the system rests. But there are two other non-institutional factors in the Commonwealth economic system which ought to be mentioned, namely the fact that the British market is a large industrial market open, or largely open, to the whole of the Commonwealth, and secondly, that London has institutions of a financial kind uniquely arranged for overseas loans. It is the United Kingdom's capacity to lend, and her institutional arrangements of long standing which enable her to lend, that form the third and fourth pillars of the Commonwealth economic system.

It may be said that the Commonwealth preference system seemed to be coming to an end just when the EEC began. The percentage with benefit of Commonwealth preference fell from something like 60 per cent before the war to 50 per cent or so by the 1950s, while margins of preference were reduced—to an average said to have been about 6 per cent. The system was incomplete in its coverage. Furthermore, the whole trend of discussions in the General Agreement on Tariffs and Trade (GATT), and of world opinion at large, was against the extension or maintenance of preferential areas. Looking at the question as a cold economic calculation therefore, it would seem that the United Kingdom was making difficulties about the idea of a common market in order to defend what was an obsolete, or at least an increasingly obsolescent, system.

During the long period from the signing of the Rome Treaty until the final breakdown of negotiations in December, 1958, the United Kingdom Government worked very hard to disseminate the idea of a free trade area closely linked with the Economic Community. It was closely supported in its efforts by other countries outside the area of the Six, but within the OEEC. Why then did negotiations break down?

The Commonwealth issue provided one answer: but another, which

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should be clearly understood, was to be found in the fact of the rival concepts—that concerning two free trade areas for the whole of Europe, and that of the Rome Treaty itself—all proving to be fundamentally in conflict. It was not just a point of minor differences—it was a point of principle. The Chairman of the Working Party set up by the OEEC summed the matter up very clearly when he said that on the one hand the supporters of the Rome Treaty visualised the free trade area, if it was to come into being, as a convention which would in effect be a facsimile of the Rome Treaty, that is, as an extension of the principles of Rome to a larger area. Other OEEC members, however, most of whom later joined EFTA, saw the proposed convention in an entirely different light, as a kind of trade agreement which would embody a number of rules drawn up as strictly as possible to facilitate the removal of trade barriers, which would lay down certain general principles relating to competition, and which would make a number of detailed concessions between partners. Some of the provisions of the Rome Treaty, they considered, could conceivably be extended over a wider area, but they did not envisage themselves entering into a treaty similar to that of Rome, largely because they thought they could rely on the OEEC for a gradual development of consultations between different governments to achieve closer economic co-operation.

If we go into detail a little further we can see why the Six simply could not accept the proposal for a wider free trade area. In a note drawn up as early as October 1957 by representatives of the Six, they made the following points very sharply indeed. They claimed to have formed a coherent whole. The provisions relating to the removal of trade barriers were not drawn up as a separate part of the Treaty, but were linked to all the other parts, including those liberalizing capital movements, the free movements of persons, the right to establish business in other countries, and the adoption of a common agricultural policy. There were provisions concerned with co-ordination of economic and monetary policies and co-operation on economic policies generally, and the progressive establishment of common trade policy—all intended to ensure equilibrium for the external position of member states, and to safeguard their internal stability. Common rules of competition were adopted; and finally, there were all the provisions for the institutional system.

Now according to the point of view of the Six, the proposed convention for a free trade area either adopted the whole of this formula, or it became an unnecessary complication. To take the question of trade with outside countries, for example: the Six envisaged gradually abolishing all trade barriers between their respective countries.



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goods into the area which had come through a different tariff system. On the other hand, the free-trade area proposals amounted to letting from that of the goods coming through the Six, thus necessitating the exercise of some sort of control at all the frontiers to ensure that goods entering one particular country were not being shunted through a second country. For example, if Britain were to have a much lower tariff for one particular item, the goods might come through Britain to, say, Germany and thence into France, so that customs officials on the French-German border would have to check the origin of all the goods and assess the tariff accordingly. Presumably the tariff set on goods coming through Britain and those coming direct from some other country, such as Germany, would differ. Now let us remember that the French were taking a revolutionary step in joining the Six—a step which although supported by some vested interests, had many powerful ones to oppose it. Accordingly, the French Government did not see itself in any position to set up a whole duplicate system of control as well as the new control, which with great difficulty and growing pains it was going to adopt; nor would it tolerate the imposition on itself of a double administrative burden.

To the United Kingdom, however, these objections seemed mere quibbling. A White Paper issued in January, 1959, remarked somewhat plaintively that the government could see no difficulty in the system of certificates of origin, because the Commonwealth Preference system was practical proof of its successful operation and—as the White Paper put it—the United Kingdom's experience in this matter was being made available to other OEEC countries. This was most kind (not to say condescending) of the United Kingdom government; but the OEEC countries, for the reasons I have given, were not in the least interested. However, an official complaint by the United Kingdom, in the same White Paper, registered her disappointment that progress was not being made in examination of the practical application of these principles.

In January, 1959, after negotiations had broken down, the United Kingdom still took the stand, with regard to external policy, that Commonwealth Preference had never caused difficulty in the development of the OEEC; instead, there had been a great and welcome extension of trade between Europe and the Commonwealth in recent years. She did not think—as did some EEC members—that Commonwealth Preference would introduce any risk of disequilibrium in the conditions of competition in a European Free Trade Area. The United Kingdom government also pointed out that Commonwealth preference was a two-way system, and that it was misleading



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to call attention simply to the benefits it conferred and not also to the obligations. The extent to which the community regarded the very existence of the Commonwealth as an argument against admitting the United Kingdom to any extension of the Community is revealed in Section 4 of the Community's Memorandum drawn up in October, 1958:

The Community wishes to emphasize that the existence of the Sterling Area and the Commonwealth is an important factor for the economic prosperity of all European countries—

they admitted that point anyway. However, they went on to say, it is a fact that the United Kingdom can thus benefit from extensive privileged markets outside Europe in countries which are economically very advanced and expanding rapidly. [Australia and New Zealand?] There is a danger that these privileged markets may disturb conditions of competition for the partners of the association. In addition, countries without privileged markets are placed at a disadvantage as regards foreign investment in their territory.

Their argument appears to have been that although markets are not the only factor influencing investment, countries with overseas connections have wider 'tied' markets, while those without such connections cannot guarantee that industries establishing themselves on their territory will find markets, such as the Commonwealth countries, outside the European association. Obviously the Six (or France at any rate) thought that the existence of the Commonwealth would give the United Kingdom an unfair position of advantage within the Common Market, and the point was hammered home again and again by French economic advisers in radio talks and newspaper articles. For these reasons, just as the United Kingdom regarded the Commonwealth as an absolute bar to her closer union with the EEC, so the Community regarded it as an equally absolute bar to United Kingdom association with a free trade association, and said as much in a statement dated October, 1958. In certain specific cases, the Community argued, appropriate solutions might be found; but it reserved the right to bring up these problems, particularly that of imperial preference, in certain specific sectors; and until all these individual problems had been solved it did not think any further progress could be made.

Perhaps enough has been said to show that although Imperial Preference is a relatively small economic factor, particularly when viewed in terms of percentage of protection, it looms large as a principle dividing Great Britain from Europe. It is in fact one of the

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crucial points which prevent members of the Community from agreeing to a compromise solution which would enable the Community and a free trade area to be linked.

### PROBLEMS OF THE EEC

Let us now look at the European Economic Community as an economic enterprise—at its strength, at its inception, and at its chances of success. It began, economically speaking, in most favourable conditions. From 1950 to 1957 industrial production rose in all six countries by an average, for the whole Community, of 76 per cent. Some had risen faster than others. Germany had more than doubled her production, while that of France had risen by 57 per cent, Belgium by only 32 per cent, but Italy by 77 per cent. The percentages of increase, however, are somewhat misleading since Germany began from a much lower level owing to the war years, with their damage and dislocation, and the first few years of slow recovery. The gross national product per head therefore (in dollars of the same value for each country) varied only slightly from one country to another, except in the case of Italy. Whereas the French figure was about 1400 dollars per head, the German negligibly different at 1416, Luxembourg slightly higher, and the Netherlands slightly lower, the Italian figure was only about 800—that is, a little over half the highest figure and about two-thirds of the average value for the whole Community, which was 1250 dollars per head.

The Six, when they came together in the EEC were—like all developing countries—reducing the percentage of their employment in agriculture, and increasing their employment in other directions; increasing their industrial production, their output per head and their investment. They had been doing this with great success (despite the problems of inflation) for at least seven years, in some cases, for ten. So that they began this new enterprise under a favourable star, with large investment surpluses, with a rapidly increasing population that could be more than adequately employed, and with favourable prices, as it turned out, for most of their imports. They had a population, in the Six, roughly equal to the population of the United States of America, 165 millions in 1957.

Taken as a whole, the Community's imports and exports (that is to say, exports and imports of merchandise, omitting services and movements of capital) were not far out of balance. The EEC had a surplus in 1954 and 1955 and a very small deficit in 1956. There were fluctuations, however, in the situation of the different individual countries. As far as Germany, Belgium and Luxembourg were concerned, exports of goods accounted for the greatest part of their overseas earnings, and Germany moreover was constantly in surplus

with other countries. The Netherlands and Italy balanced their earnings from goods largely by selling services—in the former case transport, trade and financial services, and in the latter the quite substantial items of tourism, and remittances from overseas emigrants. France was in a special position mainly because of two factors—her relations with her overseas territories, and her high overseas military expenditure, which tended to put her into a constant state of deficit. Clearly then the EEC had three problems to overcome—the constant surpluses of Germany, the constant deficits of France, and the relative poverty of the Italian economy.

A brief word might be said about the problems peculiar to each country. Germany, with her extremely rapid expansion and her consistent export surplus, faced a problem of inflation in the middle of the 1950's, particularly when full employment was reached and wages began to rise even faster than the rapidly-rising productivity of labour. Her entry into the Common Market therefore coincided with a period of some difficulty, when German economists were trying to stabilize wages, slow down the rate of growth, and control inflation.

The French economy on the other hand had the special problem of a persistent imbalance of payments—failure to recover as a great exporting country in the period after the war. Many French exports go to the relatively tied markets of her own territories, rather than to competitive markets. Her economy is peculiarly sensitive to terms of trade, and the terms of trade have moved somewhat against France, while remaining fairly favourable to the rest of the Six. She has not yet succeeded in living in a world where there is a true liberalization of trade, although she has considerably liberalized her tariffs. France has, therefore, to re-arrange her economy so as to re-deploy her labour, and this implies much re-location of workers within the country. In fact, the regional problems which France has to face within her own territories are almost as serious as those within the Community as a whole, where the inclusion of a poor country such as Italy has given rise to special difficulties. Nevertheless, the French economy has been considerably modernized, and through the efforts of a Secretariat set up specifically for the purpose, has embarked on a series of modernization plans, the latest of which will end this year. The rate of increase of productivity per man, something like 8 per cent per annum per head, has been quite phenomenal—faster than in Germany or the United States, and about double the average for Australia. Moreover the French are confident that this rate of increase in productivity will continue, even if not at the same high level.

If now we look at the Italian economy as a last example, we find that this is a case where the balance of payments was fairly healthy when the Treaty of Rome was drawn up. Over 40 per cent of Italy's exports consist of manufactured goods, about 15 per cent of food-stuffs, while the remainder is made up from the oil-refining industry. About 23 per cent of her imports consist of manufactured goods. Italy is particularly short of capital. The Treaty of Rome holds out some hope that the fundamental disequilibrium of the Italian economy, with its division into a relatively rich industrialised northern section and an extremely poor southern section, may be stabilized by the attraction of capital and more rapid industrialization. The formation of a free trade area, however, covering all seventeen of the OEEC countries would hinder some Italian objectives because industry there has grown up behind a high customs tariff. Apart from the need to harmonize her customs tariffs with the non-member countries of the Six, Italy would find integration limited solely to the exchange of goods insufficient. She needs to be able to export some of her labour and to import capital if she is to make a reduction in tariffs worthwhile. Thus from the Italian viewpoint, an extended free trade area as proposed by the United Kingdom, would not have been an attractive offer.

#### FORMATION OF EFTA

Let us now look at the European Free Trade Association (EFTA) or the Stockholm Seven, as it is sometimes called. It includes the Scandinavian countries of Sweden, Norway and Denmark; the two old trading allies, the United Kingdom and Portugal, which have had a trade treaty since 1704; and the landlocked countries of Switzerland and Austria, the former being totally surrounded, except on its Austrian border, by the EEC. Now the EFTA countries are not negligible in world trade, in fact an exceptionally high percentage of their trade goes overseas, and this is no accident. The United Kingdom, for example, imports about 15 per cent of her national product, which is more than three times the percentage of the United States. Nevertheless, her imports in relation to her national product form a lower percentage than that of any of the Seven, since Austria, Portugal, Sweden, Switzerland, Denmark and Norway import between 20 per cent and 30 per cent of their national product.

The population of the seven EFTA countries is about 90 million—only a bit over half the population of the Six. But in 1957 they had about two-thirds of the total national income of the Six, so that their average income per head must have been greater (that is partly because the Six included Italy, of course).

With about 18 per cent of their exports and 16 per cent of their imports being exported to and imported from one another, there is a strong bond of mutual trade between EFTA countries. They are closely linked also with those of the EEC, about one quarter of their trade in both directions being with the Community. Foreign trade, however, plays a greater part in their life than it does in the case of the EEC countries. They are, historically, overseas trading countries, and they are still large-scale participators in the overseas trade of the world. No less than the EEC, the EFTA states are anxious to move towards greater economic integration for the whole of Europe, but for many reasons they do not feel they can readily join the EEC, mainly because of the United Kingdom's reluctance to change her policy, because of other members' very fundamental links with her markets. About 45 per cent of all manufactured supplies come to the EFTA countries from the EEC. Indeed, some countries, for instance Portugal, Norway, Sweden, Denmark and Switzerland, buy more from the EEC countries than they sell to them. Federal Germany is very particularly dependent upon the market in the Seven. In 1957, for example, she sold 27 per cent of her manufactures to the Seven, and only 24 per cent to her EEC partners.

The Free Trade Association framed at the Convention of Stockholm was intended to free trade in industrial goods between the member states from tariffs and all other restrictions within a period of ten years. Further it was agreed that there should be special agreements on agricultural and fish products to facilitate trade. The first tariff reduction commencing 1st July, 1960, was to be 20 per cent and there was to be a progressive production of all quantitative restrictions. Member states were not to have a common external tariff, but rather formulate origin rules to identify the products of member countries, to which tariff reductions would apply. Certain safeguards were left to the application of the convention, so that its provisions might be delayed if they gave rise to serious difficulties in a particular industry. The Convention set up a Council, in which every member state was entitled to a vote, and established certain procedural rules, such as unanimity on any new decisions, but majority rule on the application of formerly agreed decisions. The Council was also empowered to make arrangements for the accession of any other countries who might wish to join the Seven on similar terms.

It was stated in official propaganda issued by the British Treasury in December 1959 that all seven hoped the quick establishment of their group would bring about conditions under which both the Six and the Seven could come together. Some spokesmen, official and

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otherwise, for the British view even went so far as to emphasize this hope as the main purpose for the institution of the Seven. Sir Sidney Caine, for example, when speaking to the Economic Society in Perth in 1959, stated that the setting up of the Seven was, without doubt, mainly for the purpose of initiating negotiations with the Six. Since early 1959, however, it has become clear that this might very well have been wishful thinking. In an article in the *Listener* dated December 31st, 1959, Miss Miriam Camps suggested that Stockholm might be just as much a barrier to negotiations with the Six as a benefit or a bridge. She pointed out that to a large extent the economic pressure exercised by the Seven was felt in the wrong places, such as Germany and Benelux, countries which were in any case in favour of a wider free trade area, unlike the French and Italians who had always been against it. The setting up of the Seven has sharpened the divisions of interest within the Six, and it is regarded therefore by the French as simply another form of the United Kingdom's attempts to sabotage the Rome Treaty organization and replace it with something different.

But Miss Camps looked a little deeper than this. The disagreement between the Six and the other countries, she contended, although it took expression in disagreement over the questions of certificates of origin, institutional arrangements and bargaining power, was in fact a disagreement of principle, which amounted to a political disagreement. The European Economic Community has amongst its chief supporters people who call themselves good Europeans, sometimes known as Caroligians. These include, of course, most of the people working in the Secretariat set up in Brussels. The so-called good, or convinced, Europeans, want to make the Six a first step towards political integration, using the economic benefits it confers to build a completely irreversible and unshakable European Economic Community, based not only on the Common Market Treaty, but also on the Coal and Steel Organization and Euratom. Their time, and their resources, however, they consider limited. They hope to achieve their purpose in ten years, less if possible, but they want to get it done by devoting all the available statesmanship, administrative talent and negotiating power to removing the frictions that will occur in the process of this momentous integration. To them, the Free Trade Association is just a distraction; it stands in the way of what they consider would have been fairly easy bi-lateral negotiations with each of the Seven in turn. They do not want to sabotage it, but rather to use it as a first step to a wider arrangement. But let us face the very grave political and economic consequences of



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any such political decision. Those responsible for running the Six today know that they have one great economic task, namely to assure the firms, business men and vested interests within their area that they will have advantages within that area which are going to be denied to firms outside. On the other hand, the setting up of the Seven, despite official propaganda, has not brought the integration of the whole of Europe any nearer, but rather has helped to postpone it for some years at least.

One of the gravest political problems to be faced is the future of other attempts, none of which anyone wants openly to abandon, to integrate Europe on a different basis from that of the Six. The Western European Union (WEU), for example, created by the Brussels Treaty of 1949 and amended by various protocols in Paris in 1954, is still in existence. It unites the Six with the United Kingdom, and has a most elaborate organisation consisting of an Assembly, Council, Secretary-General and various specialized agencies. To date it has been mainly concerned with armaments (in cases not covered by NATO) and social and cultural activities, having been more or less frozen out of the economic field by the setting up of the Rome Organization. As long as questions of armaments and military strategy, such as the number of troops Britain should keep on the Continent, continue to come under discussion with WEU, its Assembly and Council may continue to exist; but with no possibility of economic expansion, its military importance may diminish. This will largely depend on whether or not the Americans and other members of the Atlantic Community find WEU a useful instrument.

Similarly the possibilities of growth of the OEEC have clearly been limited by the surprising growth of the EEC. It now seems that this Organization, or rather its successor, the Organization for Economic Co-operation and Development, will remain a body for co-operation between governments, rather than a body working toward the integration of Europe. The Council of Europe, too, which has suffered several setbacks, both in political and economic affairs, has in effect been pushed more out of the picture by the development of the EEC. The Council originally boasted ten members, but the numbers have varied since. At one time twelve of its member states were also members of NATO. The Council has always been situated at Strasburg, which has several disadvantages, one being the absence of diplomatic missions there, and another its remoteness from all the other international agencies, situated in Paris, Geneva or Brussels. The Assembly at Strasburg has been a place for debate on the work of the OEEC and other economic organisations, but it has not acquired



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organs of its own for any serious work on economic development. Nor has it, as its apologist, Mr A. H. Robertson states, made any progress toward European federation or the creation of an economic and political union as was intended at its inception by the Hague Congress.

All that the Council of Europe has achieved is some progress towards agreement on human rights, on social security and on medical and cultural matters. It has also lent some political support to the technical work of other organizations, and has provided through the Consultative Assembly a forum for expressions of opinion on major political issues. While it is thus neither an executive nor legislative body of any power, it can be regarded as an example of the evolution of diplomatic methods and also as an extension of the technique of democratic debate. Of course, its whole role might have been very different—and may again become so—if, instead of the little Europe now being established, union had embraced the whole of Europe.

### AUSTRALIA AND THE EEC

It has been strongly argued that Australia has little to fear from the formation of the EEC and much to hope for. Exponents of this argument will state that Australian trade with the United Kingdom is a diminishing portion of Australia's total trade. The fear, therefore, that British national income will rise more slowly than that of Europe as a result of her exclusion from the Common Market will not worry Australia. Australia will expand her trade directly with the expanding market of the EEC and will continue to decrease the percentage of her total trade with the United Kingdom, which is a contracting market. As for the future of the Free Trade Area outside the United Kingdom, Australia has no cause to worry, as her imports from the Area are negligible and her exports very small.

This view, which seems to be widely held both in official quarters and among economists in Australia, has some of the characteristics of complacency and many of wishful thinking. Let us look at the pattern of Australian trade in a little detail to see whether something more realistic cannot be said about the position.

If we confine ourselves to visible items, the pattern of Australian trade has shown that for several years exports have more or less balanced imports. For the last two years for which figures are available the balance in Australia's favour for visible trade amounted to £26 and £14 millions, which is a 2½ per cent average excess of exports over imports. Australia's trade over the past three years has been in constant deficit to the United Kingdom, the United States

and the Free Trade Area outside the United Kingdom. On the other hand, it has been running a constant surplus with the other three areas of the world, the EEC, the Commonwealth outside the United Kingdom, and all other areas taken as a group. This simple analysis might seem to justify the above argument that Australia has little to fear from the formation of the EEC and indeed, there is some solid basis for putting the point as follows: the EEC is an area in which Australia has a surplus.

This has not passed unnoticed among the signatories of the Common Market Treaty. It follows, therefore, that Australia might have some bargaining power in relation to the EEC. She might offer markets to the industries of the EEC, and in exchange negotiate favourable bi-lateral terms for the entry of her products into the EEC area. She could also hope for certain advantages through the purchase of more manufactures from the EEC. They might, for example, be bought more cheaply than from Great Britain, if in fact EEC industries expand as it is hoped they will do and produce goods for larger markets at cheaper cost per unit. Furthermore, she could play off manufactures from the EEC area against British manufactures, and so possibly secure lower prices for British goods as well as for those of the EEC. At the same time, her decreased dependence on the United Kingdom might yield her further bargaining power which would enable her to secure markets in the United Kingdom and prevent any adverse development in them.

This happy outcome, however, clearly depends on a very fortunate combination of circumstances. From a short term point of view, there is no doubt some force in the argument when put this way, since there is no immediate danger of Australia losing markets in the EEC, or failing to get a number of supplies from the EEC, at rather favourable terms. But the long-term outlook is not necessarily so good. If we look at Australian relations with all the six areas mentioned above, we get the following picture: in the case of Britain, Australia has been expanding her foodstuffs sales there in recent years, but wool, and therefore the main group named 'animal substances', has declined in value. Generally, her exports to and imports from Britain have fallen within the last few years, but there are healthy signs of a growth in the market for foodstuffs. As far as trade with the United States is concerned, there has been some increase in the sale of foodstuffs, such as crayfish, beef and mutton, to the USA, but on the other hand imports from the United States have risen; thus the deficit with the United States has been tending to grow worse. With regard to the Free Trade Area other than the United Kingdom there has been a slight deterioration in Australia's

balance of payments with the area. As to the areas with which Australia is in credit, first of all the sale of animal substances to the EEC has greatly declined and no substantial recovery in the sale of foodstuffs has offset it. On the other hand, Australian imports from the area have risen substantially. Any continuation of a favourable balance with the EEC, therefore, depends on a recovery in the wool sales there, and some increase in the sales of foodstuffs. From a short-term point of view, this may occur in the former case, but there seems little hope of any substantial rise in the sales of foodstuffs to the area, in view of the agricultural policies of the Six, and the inclusion of their own overseas territories within the preference wall they are erecting. Australia's relations with other Commonwealth countries present a similar picture. While her trade is remaining favourable, much still depends from year to year on her sales of wool. Finally, with regard to the 'other areas', which include Japan, there has again been a deterioration in the export position, but not to the same extent as with the USA and the EEC, and at the same time a substantial increase in imports from the area.

From the whole picture, certain predictions about the future may be made. It seems that Australia must substantially raise her exports, and if not diminish her imports at least check them from increasing too rapidly. In fact, one of the reasons why exports must be stepped up by anything between 25 per cent and 35 per cent is precisely that some imports are bound to increase as the national economy of Australia grows. Where then are these exports to go? We can see some hope that wool will recover but there is little hope on current information that the great class of exports known as foodstuffs can be substantially increased to Europe; the only likely markets are the United States and the United Kingdom, and, of course, perhaps the Free Trade Area. But these are new markets which have not yet been touched by the Australian exporter to any great extent. In other words, Australia has a better chance, in my opinion, of exporting to the three areas with which she is now in deficit, than of increasing her foodstuffs exports to the countries with which she is already in surplus. As far as animal substances are concerned, she will be doing well to hold the markets in Europe, in the rest of the Commonwealth, and in other areas which she already exploits, but it is difficult to suppose that these markets can be vastly increased. The case of Australian manufactures can hardly be argued so strongly. It may be that Australia will find manufactures that can be sent to the EEC, the Commonwealth (outside the United Kingdom) and other areas, but it seems rather that those who will be likely to accept Australian manufactures will be

the countries that have for years kept up a tradition of liberal tariffs, that is to say the United Kingdom and the rest of the Free Trade Area. It is of course possible that Australia might abandon Imperial Preference altogether and put all her money on the EEC. But this would obviously be a gamble, and it is doubtful, when it came to the point, whether any responsible Australian statesman would be prepared to take the risk. It would be dangerous for Australia to abandon her British connections and her well-established path into British markets in favour of a possible assurance, but one which is not very likely to be forthcoming, of entrance into the markets of the Six. The other point to observe is that Britain would be unlikely to maintain her own policies in relation to Australia if Australia were to throw her whole economic future into European hands, and it is problematical what course the United Kingdom would be forced to adopt in such circumstances.

Australia is thus left with far less room for manoeuvre than at first appeared. While she has every reason to exploit as fully as she can her power of purchasing from Europe, yet some kind of imperial preference is still a guarantee which she cannot afford to throw away lightly just when an export drive is about to begin.

#### DEVELOPMENT OF EEC POLICY

The policy of the EEC based on the principles of the Rome Treaty, has become more and more clearly defined since negotiations which were held last year. On January 20th, 1960 Professor Dr Hallstein, President of the EEC Commission, delivered a speech which might be said to have contained EEC's 1960-policy. Amongst other things, he pointed to the new relationship which existed between Europe and America as one of the most important consequences of the EEC. Europeans, he found, unlike the Americans, had no ideological leaning towards universal solutions. Thus, although the EEC wished to keep in mind the objective of freeing of trade on a world-wide scale, it believed that each individual problem, whether one of a particular industry or one affecting a particular non-European country, or non-EEC European country, would have to be approached on its merits. In a sense, therefore, he regarded the question of what other organizations were to be set up as a minor problem. He did not think that any point of principle was involved in the setting up of the EFTA, because whether they liked it or not EFTA governments were in a different situation from those in the EEC organization. If, for example, a representative of one EFTA government spoke for that organization, he would be speaking for a group of governments, whose separate policies he would have to bear in mind when discussing any particular issue. The EEC on the other hand was working

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towards the creation of one body with one trade policy, which fact would, in time, have to be recognized. He rebutted the argument that this was establishing a hegemony in Europe by pointing out that the constitution was essentially more federalist than centralist. He also argued that a strong European Economic Community was in the interests of all Europeans, including those who for various reasons did not participate in the organization they had helped to build. And he fully agreed that the sense in which the EEC was political was different from that in which the EFTA was political, because the merging of policies was in itself an object of the EEC.

Certainly, he maintained, the Community did not cover all the political activities of the countries concerned, but many aspects of economic policy were to be drawn within its future competence. In any case, it was perfectly clear, that with the EEC working on such lines it would not turn back from its task, although every effort would be made to liberalize trade more generally.

While it may be conceded to Dr Hallstein that the policy of the EEC has so far been liberal, in that concessions made to members have been made available to non-members fairly widely, the EEC will tend inevitably to become an exclusive economic area. Under Article 43, paragraph 2, the Rome Treaty stipulated that a common agricultural policy should be worked out, and accordingly a Commission submitted proposals outlining this policy in December 1959. A 'common agricultural policy' is literally an attempt to make the European market for agriculture into a common one, and to solve the problem of the lagging of farmers' incomes in Europe behind those of other occupational groups. Two-thirds of the farms within the Community are very small, less than ten hectares. Agricultural labour is relatively immobile and equipment is insufficient. There has been an unfavourable trend in the ratio between prices received for agricultural products and those paid by farmers in Europe for the means of production and for services. The elasticity of both supply and demand is low, which has had an unfavourable influence on market outputs except for certain high-grade foodstuffs. In 1959 the output of the Community for agriculture covered about 87 per cent of its requirements, but in the case of some individual items, such as citrus fruits, fats and oils, the output has actually exceeded requirements. However, the Community plays an important role in world agricultural markets, accounting as it does for about one-third of all the world's agricultural imports, while exporting about 10 per cent of world exports of agricultural products.

The aim of the Commission referred to above is to develop the various parts of the Community's agriculture 'harmoniously', to

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modernise farms, and to raise living conditions, yet at the same time face the problem of sharper competition between farms which the reduction of tariff barriers within the Community will bring about. Policy must therefore be co-ordinated and the structure of agriculture improved. For this purpose the Commission proposes to have annual reviews, grant financial aid to member states from a European fund for the structural improvement of agriculture, and if necessary subsidise lower interest rates (through the European investment bank or by some other means). The fund will be financed through the Community's budget, to which the governments of the Six will contribute, and a special European agricultural guarantee fund will be set up.

Let us consider several examples of the unification of markets. Once the Common Market is established, the common organization of the wheat market is to be based on a target price for the following year's crop. This will be fixed annually by the institutions of the Community for the various areas of the Community, and monthly target prices are to be set up to cover storage costs and interest. These will remain unchanged through the last three months of the farming year and will be broken down into regional target-price tables published to guide producers and traders. As far as imports of wheat are concerned, if the world price is below the European target price, as it is very likely to be, a levy will be paid at the frontiers to bring the imported wheat price up to the target price. The grain bureau to be set up can support purchases at an intervention price of 5 per cent or 10 per cent below the monthly target price and there will also be loans through the investment organization to encourage producers to store their crops themselves. These will be what are called 'minimum public support' purchases. The levy at the frontier will be paid into a fund which can be returned to exporters if the commodity is exported, so that imported wheat will pay a levy that can later be used to subsidise exports if the commodity happens to get exported. Import certificates are issued on the basis of an annual programme, and are valid only for three months to compel importers to make their imports within a fixed time limit.

The same degree of control will come into operation within the sugar market. On the basis of the target price, fixed sugar prices *ex* factory will be prescribed for a certain number of areas, these prices applying to the quantities coming on to the internal market. The individual governments themselves, however, will be left to fix producer prices for sugar beet as they wish on the basis of *ex* factory



## EUROPEAN ECONOMIC COMMUNITY

prices. If the system should fail to discourage surplus production of sugar, some use of production quotas is contemplated.

In the case of dairy produce, an intervention price for butter will be fixed in such a manner as to keep the proceeds from milk converted into butter at about 15 per cent below the milk target price. If the set price is not realised, a milk market stabilisation fund will finance 'intervention'. A second group of products including beef, pigmeat, poultry and eggs is to be handled by the states through their market organisations, which will be co-ordinated and given extra powers of direction. It is not proposed to set up European marketing boards for these products. Beef and veal, like other imports, pay a duty at the external frontier. There will be no quantitative restriction on imports, but a minimum import price will be fixed as a safeguard. If by any chance there are very low prices on the world market, imported meat (at current prices plus customs duty) will be charged an additional levy.

To sum up, the Community is now a going concern which has become established on certain lines, from which it cannot readily be deflected. Nor perhaps is it desirable that it should be turned away from the present line of development. It has established diplomatic relations as a new political entity with twelve countries, and has full ambassadorial representation in the United States, Great Britain, Sweden, Norway, Switzerland and several other countries. It has set up the European Development Fund, and expenditure has been or is being incurred in such places as the Congo, Cameroun, Madagascar and other French connections, New Caledonia, French Polynesia, Togoland and Dutch New Guinea. A new Social Fund has been created, and there will be seats on the Committee of the Social Fund representing governments, trade unions and employers. There is a working party whose duty it is to devise a common fiscal policy. There is an organisation enquiring into wages and facilitating the free movement of labour, which has been one of the main planks of the original treaty. The administrative committee is working out plans for the social security of migrant workers moving from country to country, as well as within countries. Schemes are being financed for occupational training. Also in active implementation are plans for transport policies, expenditure on road transport rates and dues for the crossing of frontiers. To imagine that this entire system, with the momentum it has already acquired, could be substantially modified now is unrealistic. The European Economic Community is with us and we have to find a means of living with it.



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TABLE I(a)  
MEMBERSHIP OF WESTERN ORGANISATIONS<sup>1</sup>  
AS AT JULY, 1959.

COUNTRY	OEEC	WEU	NATO	COUNCIL OF EUROPE	ECSC EEC	EFTA
Austria . . . . .	A			A		A
Belgium . . . . .	A	A	A	A	A	
Canada . . . . .	B		A			
Denmark . . . . .	A		A	A		A
Finland . . . . .	D					
France . . . . .	A	A	A	A	A	
Germany (Fed. Rep.) . .	A	A	A	A	A	
Greece . . . . .	A		A	A		
Iceland . . . . .	A		A	A		
Irish Republic . . . . .	A			A		
Italy . . . . .	A	A	A	A	A	
Luxembourg . . . . .	A	A	A	A	A	
Netherlands . . . . .	A	A	A	A	A	
Norway . . . . .	A		A	A		A
Portugal . . . . .	A		A	E		A
Spain . . . . .	A					
Sweden . . . . .	A			A		A
Switzerland . . . . .	A			E		A
Turkey . . . . .	A		A	A		A
United Kingdom . . . . .	A	A	A	A		A
United States . . . . .	B			A		
Yugoslavia . . . . .	C					
Number of Members . . . .	18	7	15	15	6	7

A. Member. B. Associate country. C. Full Member of agriculture and food committee only. D. Timber Committee only. E. Invited to participate in meetings of the Consultative Assembly for the discussion of the reports of OEEC and certain economic questions.

1. From *Western Co-operation in Brief*, prepared by Reference Division, Central Office of Information, United Kingdom Information Service, London, Revised October 1959.

TABLE I(b)  
MEMBERSHIP OF ECE SINCE DECEMBER, 1955<sup>2</sup>

Albania, Austria, Belgium\*, Byelorussian S.S.R.\*, Bulgaria, Czechoslovakia, Denmark\*, Finland, France\*, Germany (Fed. Rep.), Hungary, Iceland\*, Ireland, Italy, Luxembourg\*, Netherlands\*, Norway\*, Poland\*, Portugal, Roumania, Spain, Sweden, Turkey, United Kingdom, United States of America, U.S.S.R., Ukrainian SSR\*, Yugoslavia\*.

\*Asterisk indicates the 14 founder-members. There are 28 members in all.

2. P.E.P. 'European Organisations', 1959, p. 21.

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TABLE II  
AUSTRALIAN-UNITED KINGDOM VISIBLE TRADE (£mn)

	1956/7	1958/9	Change
Exports: Foodstuffs (I-III)	123.3	152.4	+29.1
Animal Substances (VI)	120.4	73.3	-47.1
Metals etc. (XII)	19.9	16.2	- 3.7
Imports: Metals etc. (XII)	170.2	168.1	- 2.1
Yarns etc. (VIII)	41.6	36.9	- 4.7
Pulp, Paper, etc. (XVI)	20.2	21.7	+ 1.5
Total: Three main items	232.0	226.7	- 5.3

TABLE III  
AUSTRALIAN-UNITED STATES VISIBLE TRADE (£mn)

	1956/7	1958/9	Change
Exports: Foodstuffs (I-III)	3.8	27.0	+23.2
Animal Substances (VI)	117.6	90.9	-26.7
Metals etc. (XII)	21.2	10.5	-10.7
Total: Three main items	142.6	128.4	-14.2
Imports: Metals etc. (XII)	49.2	58.8	+ 9.6
Tobacco etc. (IV)	9.8	10.5	+ .7
Oils, Fats (IX)	6.2	5.4	- .8
Total: Three main items	65.2	74.7	+ 9.5

TABLE IV  
AUSTRALIAN VISIBLE TRADE WITH 'THE REST OF THE F.T.A.' (£mn)

	1956/7	1958/9	Change
Exports:	Negligible	Negligible	
Imports: Metals (XII)	6.4	8.4	
Pulp, Paper (XVI)	6.3	6.7	
Yarns (VIII)	3.2	2.9	
Total: Three main items	15.9	18.0	+ 2.1

There are no substantial lines of exports, but imports have been rising.

TABLE V  
AUSTRALIAN VISIBLE TRADE WITH THE EEC (£mn)

	1956/7	1958/9	Change
Exports: Animal Substances (VI)	205.3	110.3	-95.0
Foodstuffs (I-III)	16.7	17.8	+ 1.1
Metals (XII)	1.2	4.4	+ 3.2
Total: Three main items	223.2	132.5	-90.7
Imports: Metals (XII)	24.7	39.7	+15.0
Yarns (VIII)	14.4	13.9	- 0.5
Chemicals (XIX)	7.5	7.9	+ 0.4
Total: Three main items	46.6	61.5	+14.9

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TABLE VI  
AUSTRALIAN VISIBLE TRADE WITH 'OTHER' COUNTRIES

	1956/7	1958/9	Change
Exports: Animal Substances (VI)	117.6	90.9	-26.7
Foodstuffs (I-III)	18.2	18.6	+ .4
Metals etc. (XII)	15.5	9.3	- 6.2
Total: Three main items	151.3	118.8	-32.5
Imports: Oils, Fats (IX)	38.8	45.8	+ 7.0
Yarns etc. (VIII)	7.2	18.4	+11.2
Foodstuffs (I-III)	5.1	6.3	+ 1.2
Total: Three main items	51.1	70.5	+19.4

TABLE VII  
AUSTRALIAN VISIBLE TRADE WITH REST OF COMMONWEALTH

	1956/7	1958/9	Change
Exports: Foodstuffs (I-III)	76.1	55.9	-20.2
Metals (XII)	32.2	31.4	- .8
Oils, Fats (IX)	10.8	12.2	+ 1.4
Total: Three main items	119.1	99.5	-19.6
Imports: Metals etc. (XII)	15.2	15.7	+ .5
Yarns etc. (VIII)	17.6	14.9	- 3.7
Oils, Fats (IX)	16.1	13.4	- 2.7
Total: Three main items	48.9	44.0	- 4.9

From: Oversea Trade, 1958-59, Bulletin No. 56 (Commonwealth Bureau of Census and Statistics, Canberra).

- Class I Foodstuffs of Animal Origin, not including live animals.
- Class II Foodstuffs of Vegetable Origin; Non-alcoholic Beverages, and Substances used in making.
- Class III Spirituous Liquors.
- Class IV Tobacco and Preparations thereof.
- Class V Live Animals.
- Class VI Animal Substances (mainly unmanufactured), not Foodstuffs.
- Class VII Vegetable Substances and Fibres; Cork and Manufactures; and Man-made Fibres except Glass.
- Class VIII Yarns and Manufactured Fibres, Textiles and Apparel.
- Class IX Oils, Fats and Waxes.
- Class X Pigments, Paints and Varnishes.
- Class XI Rocks, Minerals (including Ores and Concentrates) and Hydrocarbons in Solid or Semi-solid Form.
- Class XII Metals, Metal Manufactures and Machinery.
- Class XIII Rubber and Leather and Manufactures thereof and Substitutes therefor (except Apparel).
- Class XIV Wood and Wicker, Raw and Manufactured.

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Class XV	Earthenware, Cement, China, Glass and Stoneware.
Class XVI	Paper and Stationery.
Class XVII	Sporting Material Toys, Fancy Goods Jewellery and Timepieces.
Class XVIII	Optical, Surgical and Scientific Instruments and Appliances and photographic Goods, n.e.i.
Class XIX	Chemicals, Medicinal and Pharmaceutical products, Essential Oils and Fertilizers.
Class XX	Miscellaneous.

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## THE UNITED KINGDOM AND THE SIX: THE POLITICAL UNION ISSUE

G. ST. J. BARCLAY\*

### I

#### THE FULL CIRCLE

ON 16 FEBRUARY 1961 MR MACMILLAN told the House of Commons that 'if we were to receive an invitation from the Six Governments to take part in meetings for the purpose of political consultation we would certainly be disposed to accept it'.<sup>1</sup> Mr Macmillan was replying to Mr Arthur Henderson, the Socialist Member for Rowley Regis, who had asked 'whether it was now the Government's policy that the Prime Minister and the Foreign Secretary should participate in political discussions with heads of Governments and Foreign Ministers of the Six'.<sup>2</sup>

Under the circumstances Mr Macmillan's reply to Mr Henderson was not very remarkable. It would have been something singular if it had not been the policy of the United Kingdom Government to accept such an invitation. And in any case Mr Henderson might have remembered the famous Selwyn Lloyd Resolution of 25 July 1960. Then the House had affirmed, with only four dissentient Socialist votes, that it recognised 'the need for political and economic unity in Europe and would welcome the conclusion of suitable arrangements to that end satisfactory to all the Governments concerned'.<sup>3</sup> Again there was nothing astonishing in all this. Obviously no government is likely to object to arrangements which are satisfactory to all the governments concerned. But the Resolution was certainly not devoid of significance to those who could recall the Debates of almost exactly ten years previously when an earlier programme to arrange political and economic unity in Europe had been referred to by a Cabinet Minister as an international conspiracy<sup>4</sup> and rejected by leaders of both great Parties in general terms of calculated insult and equivocation. Things had of course changed a great deal since the days of the Schuman Plan. The United Kingdom was no longer the coal and steel colossus of 1950,<sup>5</sup>

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1. *The Times*, 17 February 1961. The Six Governments referred to are those of Belgium, France, the German Federal Republic, Italy, Luxembourg and the Netherlands. These are the signatories to the Treaty of Rome, which established the European Economic Community (EEC).

2. *Ibid.*

3. House of Commons, *Debates*, vol. 627, col. 1099.

4. House of Commons, *Debates*, vol. 476, col. 2157.

5. *Manchester Guardian*, 24 April 1951.

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the great welfare state whose stable and efficient administration was the envy of Europe, the one unconquered European belligerent east of the Soviet Union, the country of which Paul-Henri Spaak had said: 'You have no idea just how much Britain meant to all of us . . . during the years immediately after the war . . . She represented something pure and untarnished, and we looked to her—all of us—for moral leadership, but alas we looked in vain.'<sup>6</sup> It had diminished perceptibly in those ten years to the peripheral power surpassed in industrial strength by Western Germany and dwarfed by the booming EEC. But the change was not merely the measure of altering economic strength: the facts of power had altered, and the ideologies had obligingly altered with them.

### II

#### SOVEREIGNTY AND THE SCHUMAN PLAN

But the issue at stake in 1950 over the presentation of the Schuman Plan was in essence still at stake in 1960. It is an issue that is necessarily at stake when the close or lasting association of National States is being considered. In the simplest and perhaps least satisfactory terms it is the issue of national sovereignty. And this means in more precise terms the question of whether or not governments entering a particular association can expect to retain supreme legal authority within their own States.<sup>7</sup> The importance of this issue is only blurred and vulgarised by references to supposed power of a State to act with 'no limitations other than those which are imposed by its resources or its own weaknesses'.<sup>8</sup> Sovereignty is essentially a question of legal authority.<sup>9</sup> It is not necessary that sovereign power in a State should be unlimited, but it is necessary that it should not be subject to limitation by any superior legal authority:<sup>10</sup> it is virtually a definition of a State that it recognises no legal authority superior to itself:<sup>11</sup> even the requirements of international law insofar as they are taken seriously have the essential character of 'rules which obtain between equals rather

6. A. Nutting, *Europe Will Not Wait*, Hollis & Carter, 1960, p. 2.

7. H. E. Cohen, *Recent Theories of Sovereignty*, University of Chicago Press, 1937, p. 35. 'Sovereignty is the property of a state-force due to which it has the exclusive capacity of legal self-determination and self-restriction . . .'

8. R. W. G. Mackay, *Federal Europe*, Michael Joseph, London, 1940, p. 44

9. Schlesinger, *Federalism in Central and Eastern Europe*, London, 1954, p. 32.

10. Sobei Mogi, *The Problem of Federalism*, Allen & Unwin, London, 1931, p. 584 (Meyer).

11. *Ibid.*, p. 546 (Brie).

than . . . commands addressed by a superior legislative will to persons who are conceived as subject to its control . . .<sup>12</sup>

Legalistic considerations of sovereignty inevitably take on a somewhat abstract and academic quality. And Mr Bevin, in his capacity of Secretary of State for Foreign Affairs, had once assured the House of Commons that: 'We have no intention . . . of being diverted from the great practical task to which we have set our hands by any academic discussions about sovereignty.'<sup>13</sup> But that was in reference to the Brussels Treaty of 17 March 1945, and if there was one thing certain about the Brussels Treaty it was that it put no very pressing strains upon the sovereign will of anybody. But when the sovereignty-issue came home, as it did with the Schuman Plan, the discussion ceased to be merely academic. Its real practical urgency was implied in the words of Mr E. Davies, Socialist Under-Secretary of State for Foreign Affairs, when he said in the House: 'We cannot risk the delegation of sovereignty which might entail interference with our freedom to plan our economy in accordance with the wishes of Parliament.'<sup>14</sup> The superbly-written if somewhat untimely brochure of the Labour Party National Executive Committee, *European Unity*, put the matter equally precisely: 'Britain's economic predicament demands that her co-operation with Europe should not prevent the Government from continuing to exercise extensive control over her economy'<sup>15</sup> . . . No Socialist Party with the prospect of forming a government could accept a system by which important fields of national policy were surrendered to a supra-national European representative authority, since such an authority would have a permanent anti-Socialist majority and would arouse the hostility of European workers . . .<sup>16</sup> And there was no doubt whatever what this meant. It meant the retention by the United Kingdom of its legal freedom to perform manoeuvres such as the Sterling devaluation of 18 September 1949, implemented without reference to the other signatories of the Brussels Treaty, with which the United Kingdom had undertaken to consult on matters of common economic interest. In the most unsympathetic language Dr Maurice Bonn said: 'All the prejudices of [United Kingdom] Labour were aroused against any co-operation which might interfere with its right to export unemployment . . . The British were not going

12. Willoughby, *The Juristic Conception of the State: The American Political Science Review*, vol. XII, 1918, pp. 192-208.

13. House of Commons, *Debates*, vol. 450, cols. 1107-8.

14. *Ibid.*, vol. 480, col. 1404.

15. National Executive Committee of the British Labour Party, *European Unity*, London, May 1950, p. 5.

16. *Ibid.*, p. 8.



to pool their sovereignty over basic economic materials with anybody else'.<sup>17</sup>

This was essentially the issue. It was of course not immediately obvious what abrogation of sovereignty would in fact be involved. The Schuman proposals had involved the abolition and prohibition within the signatory countries of all import and export duties and quantitative restrictions on the movement of coal and steel, all discriminatory trade or pricing practices and all forms of state assistance or subsidy whatsoever.<sup>18</sup> This common market was to be administered by a High Authority of nine members who were to exercise their functions in complete independence, and would abstain from all conduct incompatible with the supranational character of their functions, which all member States had to undertake to respect.<sup>19</sup> The High Authority was to act on a majority vote.<sup>20</sup> In the execution of its responsibilities it was to issue decisions which would be binding in all details, recommendations which would be binding in respect of specified objectives, and opinions which would not be binding.<sup>21</sup> Exactly what this would mean in practice was of course not an easy matter to determine. The quite astonishing complexity of the Schuman proposals made them more fruitful reading for lawyers than for politicians or economists. But it could be fairly safely assumed that it did not mean, as Mr Attlee suggested, that the United Kingdom or any other signatory power would be asked to hand over its 'most vital economic forces . . . to an authority that is utterly undemocratic and responsible to nobody'.<sup>22</sup> In reality the High Authority could exercise many of its most important functions only with the consent, in some cases unanimous, of a Council of Ministers appointed by the Governments of the participating States.<sup>23</sup> But the fact remained that the essential feature of the Plan was that 'no one Government should be able to veto what the High Authority could do within its territory'.<sup>24</sup> Again, this did not mean, as Mr Churchill suggested, that the High Authority would have the power 'to tell Great Britain not to cut any more coal or make any more steel, but to grow tomatoes instead'.<sup>25</sup> Nor, for that matter, as Mr Macmillan suggested, could the High Authority 'put

17. Maurice Bonn, *Whither Europe?*, Cohen & West, London, 1952, p. 176.

18. The Treaty Constituting the European Coal and Steel Community, Article 4.

19. *Ibid.*, Art. 9.

20. *Ibid.*, Art. 13.

21. *Ibid.*, Art. 14.

22. House of Commons, *Debates*, vol. 476, col. 2169.

23. ECSC Treaty, Art. 28.

24. *The Economist*, 26 August 1950, p. 393.

25. House of Commons, *Debates*, vol. 476, col. 2149.

large numbers of our people out of work in Durham, in the Midlands, in South Wales or in Scotland'.<sup>26</sup> This can safely be dismissed as mere Conservative electioneering. As things stood in 1950 men would be out of work everywhere in Europe before they were out of work in the Midlands: at that time the siderurgical industries of the United Kingdom were producing almost as much coal and two-fifths as much steel as all the Schuman Plan countries put together.<sup>27</sup> They were also doing it incomparably more efficiently: coal was priced at the pithead at 47/- per ton in the United Kingdom, at 65/- per ton in Germany and at 130/- per ton in France.<sup>28</sup> And in any case no National Government on earth was going to listen to any supranational Authority which told it to do anything of the kind, apart from which the High Authority of the Schuman Plan was, as Mr Macmillan knew, pledged to maintain full employment in the coal and steel industries of the signatory countries.<sup>29</sup>

But behind the slogans and the smokescreens the real problem of sovereignty remained. As the Socialist Party Executive stated: 'The postwar economy of Britain presents some special problems which will call for conscious control by any British Government for some time to come, whatever its party complexion'.<sup>30</sup> A general framework of control and unfettered discretion in administering it were essential features of the postwar United Kingdom economy. And this was something which clearly would be jeopardised by the Schuman Plan. Where there was no veto-power there could be no assurance of sovereignty. The awareness of the United Kingdom Party leaders of this point was illustrated by the skilful *démarche* of the Conservative representatives on the Council of Europe, who on 8 August proposed a number of amendments to the original Schuman Plan, including an intergovernmental ministerial council to which Governments could appeal on matters of fundamental importance, the right of veto by National Governments, the right of withdrawal and liability to expulsion. In short, everything which involved accepting the principle that a State might either secede or be expelled from the contemplated union.<sup>31</sup>

It was also illustrated by a sudden airing of the 'federalism vs.

26. Council of Europe, Consultative Assembly, *Reports*, 2nd Session, 8th Session, 15 August 1950, p. 230.

27. Alpert, *20th Century Economic History of Europe*, Schuman, New York, p. 447.

28. *The Manchester Guardian*, 24 April 1951.

29. ECSC Treaty, Art. 2.

30. *European Unity*, op. cit., p. 4.

31. *The Economist*, 12 August 1950, p. 304.

national sovereignty' issue in the House of Commons.<sup>32</sup> Mr Anthony Eden commented on 13 June 1950, referring to Mr Attlee's earlier assertion that 'Europe must federate or perish', that: 'I do not personally take that view. I think that when these closer relationships develop they are more likely to take the form of a confederation than a federation . . .'<sup>33</sup> And in the same debate Mr A. J. Irvine, the Socialist Member for Edge Hill, said: 'Confederation has been suggested as distinct from federation. That is the way to do it . . . that is the effective—not sensational but profoundly effective way to develop and build European unity'.<sup>34</sup> Of course Mr Attlee had long since changed, as Mr Ivor Thomas pointed out, from saying that Europe must federate or perish, to saying that Britain must export or die.<sup>35</sup> And Mr Irvine might have been a little optimistic when he suggested that confederation was a profoundly effective way to unite anything. But at least it was different from federation. As used by Mr Eden and Mr Irvine it implied a form of international association corresponding to the German legal term *Staatenbunde*, in which the sovereignty of the participating States remains intact and is merely exercised in common.<sup>36</sup> In such an association the participating States accept only voluntary limitations on their legal authority as in a normal international treaty.<sup>37</sup> The States retain a right of secession with or without prior notice.<sup>38</sup> The central body of such an association is in fact merely a permanent diplomatic conference which can arrive at its decisions only on the basis of unanimity.<sup>39</sup> In all these respects it differed from a federation, the dominating characteristic of which can be said to be 'the existence of a *central sovereign state*, distinct from the States which compose it and superior to them . . . They have no longer absolute sovereignty nor complete independence'.<sup>40</sup> They have of course a certain freedom and independence within limited spheres, but these spheres are limited by the legally-expressed will of a higher authority.<sup>41</sup> It is in this sense that Schlesinger speaks of 'such somewhat nonsensical

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32. *Ibid.*

33. House of Commons, *Debates*, vol. 476, col. 1918.

34. *Ibid.*, col. 2016.

35. House of Commons, *Debates*, vol. 469, col. 2311.

36. Gierke, *Natural Law and the Theory of Society*, Cambridge University Press, 1924, pp. 196-7.

37. Mouskhely and Stefani, *L'Europe Face au Fédéralisme*, Editions F.-X. Le Roux, Strasbourg-Paris, 1949, p. 33.

38. *Ibid.*

39. Gierke, *op. cit.*, pp. 196-7.

40. Mouskhely and Stefani, *op. cit.*, p. 98.

41. Mogi, *op. cit.*, p. 407.

conceptions as the "sovereignty" of states which were members of a federation.<sup>42</sup> In brief, sovereignty is preserved in the confederation or organised alliance. It is lost in the federation. A new sovereign State is created by a federation<sup>43</sup> and it is created precisely by the abrogation by its members of their identities as sovereign States in their own right. It was this kind of association to which Francois Perroux referred when he wrote: '*Veut-on dire que le Royaume-Uni deviendrait à terme membre d'un Parlement européen? Nul n'y songe sérieusement. Qu'il soumettrait sa défense, sa monnaie, ses tarifs, son investissement, aux décisions d'un pouvoir européen? Le contraire est certain.*'<sup>44</sup> Similarly Mr Anthony Eden asserted: '... that the United Kingdom should join a federation on the Continent of Europe: This is something which we know in our bones we cannot do.'<sup>45</sup> There was no doubt that in 1950 the United Kingdom was in no mood or position to submit itself to any kind of federal authority. There was also no doubt that its leaders were quite prepared to contemplate joining a kind of confederal league or alliance which would leave their effective legal authority unimpaired. Their mistake lay in assuming that the form of international association that was developing on the Continent had necessarily to be one or the other.

### III

#### POLITICAL IMPLICATIONS OF THE TREATY OF ROME

It was apparent very early in the negotiations on the establishment of the European Economic Community that the new international treaty was far less political in nature than the ECSC Treaty had been. The original Dutch proposal for a supranational authority with real powers was quickly whittled away. Early in 1957 one of the officials involved in the negotiations commented that the draft treaty was beginning to look more like an organisation for consolidation of national interests than a means of integration.<sup>46</sup> And the objectives of the Treaty of Rome were certainly conceived and stated far more prosaically than those of the ECSC Treaty. The Heads of State who signed the Treaty of Rome merely announced their awareness of the responsibilities they undertook in uniting their markets, closely associating their economies and thus defining

42. Schlesinger, *op. cit.*, p. 22.

43. Mackay, *Western Union in Crisis*, Blackwell, Oxford University Press, 1950, pp. 107-8.

44. Francois Perroux, *L'Europe Sans Rivages*, Presses Universitaires de France, Paris, 1954, p. 13.

45. *The Times*, 12 February 1952.

46. *The Economist*, 9 February 1957, p. 484.

the principles and methods of a common policy. They resolved to assure through common action the economic and social progress of their countries by eliminating the barriers which divided Europe.<sup>47</sup> This might not prove in practice to be much less binding but it was very different in spirit from the impassioned rhetoric of the Preamble to the ECSC Treaty. Moreover, the executive body of the Community, the European Commission, was endowed with far more limited general powers than the High Authority of the ECSC had been. And in the exercise of these powers it would be subject to the authority of the Council of Ministers of the National Governments. On certain matters the decisions of the Council of Ministers had in fact to be unanimous for the first four years of the operation of the Community. After that, they could generally be taken by what was called a 'qualified majority'. In practice this meant, in the words of *The Economist*, '[a majority] able to overrule a single large power by itself, but not a large power plus Belgium or the Netherlands. National sovereignty can thus be overridden in many fields, but by a council of governments, not by a "supranational" European body'<sup>48</sup> . . . In the Common Market, the European Commission (the High Authority's equivalent) will propose; the Council of Ministers will dispose—it alone can take the final decisions. This system may not be so like the ECSC as is sometimes claimed.<sup>49</sup> And in fact even the word 'supranational' which haunted the opening Articles of the ECSC Treaty was excluded from the Treaty of Rome. Whatever the ECSC had been intended to be, the EEC was clearly intended to be something else. In 1950 the Europeans had been prepared to flirt with the idea of sinking their national identities into a 'larger synthesis'.<sup>50</sup> By 1957 they had regained some confidence in the advantages of standing on their own feet.

This of course did not prevent the federal enthusiasts from talking as if the Treaty of Rome were in fact to be understood as implying something other than what its provisions said. In December 1958 the Rector of the College of Europe wrote to *The Times*, claiming that: 'The Six Continental European Powers have not set up the Common Market because France would prefer *en principe* another *Volkswagen* to another Morris. As in the case of the Schuman Plan and, in another connexion, the Marshall Plan, it is infinitely more

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47. The Treaty Constituting the Common Market and Euratom, *Declaration and Preamble*.

48. *The Economist*, 19 January 1957, p. 210.

49. *Ibid.*, 2 February 1957, p. 706.

50. House of Commons *Debates*, vol. 476, col. 2159.

than just a new scheme of trade policy. It is political in its very essence. It aims at creating a new historic reality, a lasting pluri-national union.<sup>51</sup> This kind of language was of course thoroughly unsatisfactory. Even the Schuman Plan had not been in essence solely political. It was basically a French manoeuvre to restrict Germany's capacity for independent action in foreign policy and trade.<sup>52</sup> And a 'lasting pluri-national union' is about as protean an entity as can well be conceived. It could mean anything from the United Nations to the United States. The distinction of course is the all-important one that a State could leave the United Nations by walking out, while the supposedly sovereign American States could leave the Union only by fighting their way out.

But even as late as 1959 Dr Adenauer was prepared to state at a Foreign Press Association dinner at Godesberg that: 'To the Six countries of the European Economic Community, this Community is primarily of political, not economic value. Through the EEC we wish to achieve political integration in Western Europe, since this seems the only possibility of protecting Western Europe against the pressure from the East.'<sup>53</sup> Again this is all very unsatisfactory. At the time at which the Chancellor spoke Western Europe had already survived thirteen years of pressure from the East. Presumably a degree of political integration sufficient for this purpose must have been achieved already. And with the greatest sympathy it was not easy to see how the EEC was contributing to the more successful defence of Western Europe except by the extent to which it was increasing the overall economic power of the West. There was still no Western European Army. There was NATO and there were the National Armies and these would still have been in existence if the EEC had never come to fruition. And as Dr Maurice Bonn pointed out, it was not self-evident that the efficiency of the European National Armies would be enhanced if they were to be 'disbanded, re-integrated into a European army, and made to swear allegiance to a Europe which does not yet exist, and may at best be the outcome of their co-operation . . . But intimate co-operation between national armies is feasible. In the past many a victorious army consisted of very divergent national units. The *Grande Armée* comprised specimens of most continental nations; the British Eighth Army and its later namesake in Korea were even more colourful.'<sup>54</sup> As *European Unity* had soberly suggested,

51. *The Times*, 23 December 1958.

52. Bonn, *op. cit.*, pp. 174-6. Also R. Schuman, quoted in *The New York Times*, 25 March 1952, 'My policy is never to let Germany free to act alone'.

53. *The Times*, 14 October 1959.

54. M. J. Bonn, *Whither Europe?*, Cohen & West, London, 1952, p. 71.



## THE UNITED KINGDOM AND THE SIX

'The European peoples do not want a supra-national authority to impose agreements. They need an international machinery to carry out agreements which are reached without compulsion.'<sup>55</sup>

We may pass over the *realpolitik* preoccupations of Chancellor Adenauer. There is also perhaps no need to take too seriously the quite unsupported assertion of the Swiss Bank Corporation *Bulletin* that '... the Common Market is not merely a customs union but a political merger in process of formation'.<sup>56</sup> But rather more weight has to be given to statements like those of Mr Maudling, when he insisted that political as well as economic problems made it impossible for the Six to revise the Rome Treaty so as to include the United Kingdom and other potentially interested countries.<sup>57</sup> And presumably at least Professor Hallstein, the President of the EEC Commission, knew what he was talking about when he said in June 1960 'with almost defiant emphasis',<sup>58</sup> or grim desperation depending on the point of view, that '... we should consider it an act of historic importance if other European states, and in particular Great Britain, were to accept this standing invitation and were to espouse the political idea expressed in the Treaties of Paris and Rome'.<sup>59</sup>

But long before Professor Hallstein spoke questions were already being asked within the Community itself as to precisely what this political idea was and what it meant in practice. From 1958 through 1959 and 1960 the European boom rose at an accelerating pace. West German rates of expansion were overhauled and surpassed, first by France, then by Italy. Towards the end of 1960 Alain Peyrefitte could say: 'For two years the Community of the Six has moved with giant strides: its production has experienced a rise more spectacular because the United States was experiencing a recession and the United Kingdom a stagnation. After America, it is the world's leading commercial power; its rate of expansion, superior to that of the Soviet Union, is the highest [in the world] ... If the Europe of States is still to be created, the Europe of businessmen is here already'.<sup>60</sup>

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55. *Op. cit.*, p. 6.

56. The Swiss Bank Corporation *Bulletin*, No. 71, October 1959.

57. *The Times*, 11 June 1959.

58. *The Observer*, 26 June 1960.

59. *Ibid.*

60. *Le Monde, Sélection Hebdomadaire*, 21 September 1960. M. Peyrefitte was not quite right. Japan was in fact expanding its industrial production more rapidly than the EEC. But probably the Europeans gauge their progress by that of the Soviet Union just as the Soviet Union gauges its progress by that of the United States.



But in the eyes of some Europeans that was just the trouble. Up to the time at which M. Peyrefitte was writing precisely nothing had occurred to indicate just what political form was going to be taken by the union *sans cesse plus étroite entre les peuples européens*,<sup>61</sup> to which the Western European Heads of States had committed themselves in the Rome Treaty. M. Peugeot of all people asked the French *Patronat* if the European Economic Community were in fact moving towards 'a mere semblance of the common market'.<sup>62</sup> Other Frenchmen began to speak about a betrayal of the spirit of the Treaty of Rome.<sup>63</sup> Pierre Drouin reiterated the complaint that the Community of the Six had become primarily a community of businessmen.<sup>64</sup> There was no denying that the *patrons* were doing a fine job, but as M. Drouin pointed out, if a simple commercial association were all that had been intended in 1957, it would hardly have been necessary to have 248 Articles in the Treaty of Rome.<sup>65</sup> Peyrefitte sombrely concluded that the prospects of the Community of the Six becoming anything other than a mere commercial association seemed actually to be receding. 'The political union of Europe, ten years after the presentation of the Schuman Plan, is still a dream . . . Supranationality succumbed the first time that it was sought to invoke it . . . Each of the Governments is in turn "European" just as far as European solutions are in accordance with its interests . . . [the EEC] would wind up as a simple commercial association, profitable, certainly, at least for some people, but very far from that melting-pot in which the promoters of the Treaty planned that the unity of the peoples should be formed . . . we are coming back to *l'Europe de la Compagnie Internationale des wagon-lits*.'<sup>66</sup>

M. Peyrefitte's description of the prospect before the EEC was perhaps accurate in a more precise sense than he imagined. But it would have been surprising if in fact he, along with MM. Drouin, Peugeot and the rest, had ever expected anything else. The words of their own leaders might have given them sufficient indication of the way in which the French Government was resolved that the EEC should develop. Back in 1953, M. Debré, later the first premier of Gaullist France and then a deputy of the RPF, had fiercely attacked in the Council of the ECSC the very idea of supranationality. M. Debré had then defended as the only realistic solution the concept

61. The Treaty Constituting the Common Market and Euratom, *op. cit.*

62. P. Drouin, A 'Push' to the Common Market? *Le Monde*, 23 February 1960.

63. *Ibid.*

64. *Ibid.*

65. *Ibid.*

66. *Le Monde*, *op. cit.*

of a coalition of sovereign States. And in December 1958 a parliamentary working party of the neo-Gaullist UNR, to which M. Debré then belonged, reported callously that 'General de Gaulle's return to power has already given international relations a new turn . . . in five years' time, when oil from the Sahara is playing its part in the French economy, competition in a Common Market, *which we shall have emptied of all its political content*,<sup>67</sup> will no longer be a danger for France, and perhaps not even for the free trade area'.<sup>68</sup> M. Debré was not likely to change. Early in May 1959 he had told the leaders of the European institutions, at a dinner given, with or without ironic intent, in their honour, that: 'The necessity of Europe, which I support, is fundamentally distinct from a certain conception which has been called, and continues to be called, supranationality. I believe very profoundly that the responsibility of governments to their electorates is such that it is very difficult—in international co-operation—for the governments to abandon to independent authorities the power of undertaking work for which, in the last resort, they are responsible to their countries'.<sup>69</sup>

Premier Debré could well have been quoting from *European Unity*.<sup>70</sup> But, as has been seen, supranationality was a non-starter long before the Treaty of Rome was signed. The Treaty had established an executive body with powers far more circumscribed than those of the High Authority of the ECSC. It had done so at a time when the High Authority was already demonstrating its increasing dependence upon the support of the National Governments it was supposed to be able to override. No federal union had arisen from the ECSC. There was even less reason to expect one from the Common Market. The only hope that the federalists could have had was that an economic merger on so wide a scale must eventually compel a political merger of some nature. In countries where the National Governments were so vitally concerned with the national economies and possessed such wide powers over them, bringing the economies closer together would seem necessarily to mean doing the same with the Governments. Mere treaty obligations would be more or less irrelevant compared with the overriding compulsions of the facts of economic life in modern States. The failure of any political

67. My italics.

68. *The Times*, 23 December 1958.

69. *Le Monde*, 8 May 1959.

70. For example, from p. 10, 'Constitutional changes which would limit or transform the democratic authority of the sovereign peoples of Western Europe must be submitted to judgment by those peoples. No politician has the right to support such changes unless he has the honesty and courage to present them for the verdict of his electorate'.

union to manifest itself could then be explained only by assuming that the argument was somehow invalid, or that the economies had not yet reached a stage of integration at which their Governments became essentially involved, or else that *The Economist* was right, and a new form of international relationship had developed out of the programmes of economic integration for which the traditional concepts of political association were no longer strictly applicable.<sup>71</sup>

#### THE VOIE CONFEDERALE

It was in this situation, in the closing months of 1960, when the Europeans were seriously asking themselves what they were and what they were supposed to be, that General de Gaulle, at a press conference on 5 September, produced what was at least in some part an answer. At the conference a French journalist asked the General if he could clarify in some measure the projects for European co-operation that he had discussed that July with other European leaders.<sup>72</sup> The General's reply would have been interesting under any circumstances as the first genuinely authoritative statement that had emerged on the subject, other than the aspirations of Professor Hallstein. He naturally agreed that it was essential in the first place to unite Europe. '*Il est banal de le dire.*'<sup>73</sup> But unity had to be built on realities and not on dreams. And the true realities in Europe were the independent National States. They alone had the power of making decisions and of enforcing compliance with their wills. Unity in any realistic sense could be achieved only through the deliberations of an Assembly in which the representatives of the National States would meet periodically to 'ensure co-operation in the fields of politics, economics, culture and that of defence'.<sup>74</sup> Only the administrative donkeywork of integration would be entrusted to what the General referred to with some distaste as '*Certains organismes plus ou moins extra- ou supra-nationaux*' which the National States would have '*à leur disposition . . . pour les problèmes qui leur sont communs*'. He stressed the point by some grim references to the beatings which the High Authority of the ECSC and the Commission of the EEC had received in their respective efforts to deal with the problems of siderurgical over-production and agricultural integration in Western Europe.<sup>75</sup>

This of course was the birth of the famous *voie confédérale*. But one could well feel that the flood of press comment which followed

71. *The Economist*, 21 November 1953, p. 593.

72. *Le Figaro*, 6 September 1960.

73. *Ibid.*

74. *Ibid.*

75. *Ibid.*

the General's words was an index of the paucity of other informed comment rather than of their novelty. The General had probably a better memory than his commentators. Back in December 1951 he had spoken for the RPF against the Schuman Plan, asserting then as in 1960 that: 'The European community must be a confederation of States, constituting among them a common confederal power.'<sup>76</sup> This old Gaullist idea, once spoken in the context of the ECSC and now revived for the benefit of the EEC, was hailed by Peyrefitte in the words: 'The *voie confédérale*, doubtless the only one possible at the present time, is of a nature to facilitate a closer union at some date [which is] probably distant but whose arrival it will hasten.'<sup>77</sup> In other words, confederation was not merely the only way to unity, it was also the best. And this view was given enthusiastic support by, of all people, Count Coudenhove-Kalergi, the founder of the Pan-European Movement back in 1922 and probably the most attractive figure in the rather bizarre gallery of Federal Unionists. Coudenhove-Kalergi, writing in *Le Figaro*, claimed that: 'President de Gaulle has accomplished a truly historical gesture in proposing to transform the European Economic Community into a European confederation. All good Europeans must be grateful to this statesman for having put the European question on the Orders of the Day . . . if it is true that the peoples of Europe have become aware of their common destiny, it is not less certain, alas! that it has not been possible up to now to arouse a European patriotism . . . the European Governments which hold the reins of power are in fact the only forces which can unify Europe . . . Europe will be a *confédération des patries*—or it will not be anything . . . Europe has actually the possibility of becoming united in a confederation. It is perhaps its last chance.'<sup>78</sup>

Things had certainly altered strangely when General de Gaulle could be described as what was technically known as a 'good European.'<sup>79</sup> And Coudenhove-Kalergi's support was rather weakened by the fact that he had given fairly convincing proofs in the past that he had never quite appreciated the distinction between a federation or any other form of inter-state association.<sup>80</sup> However, no doubt

76. *L'Année Politique*, 1951, p. 347.

77. *Le Monde*, 15 September 1960.

78. *Le Figaro*, 26 September 1960.

79. See Dr Brugmans' letter to *The Times*, 23 December 1958.

80. For example, in his latest book, *From War to Peace* (Cape, London, 1959, p. 156) he says: 'All the great powers of the world are federations: the British Commonwealth, the United States, the Soviet Union, the French Union, the Chinese People's Republic, the United States of India—to mention only some of the greatest.'

the distinction was appreciated by M. Couve de Murville, the French Foreign Minister, who explained to a Commission of the House of Representatives of the National Assembly that what was proposed was simply a confederal rather than a supra-national approach to European Unity.<sup>81</sup> This did not necessarily involve any modification of the existing European treaties or of the EEC. M. Couve de Murville went so far as to describe the latter as the cornerstone of the European structure. The confederal approach was in fact to be founded on the existing supranational institutions.<sup>82</sup> But the exact sense in which M. Couve de Murville's words should be understood was rendered a trifle uncertain by the extraordinary *démarche* which he and Premier Debré made about three weeks later, when apparently they sought Chancellor Adenauer's reactions to a proposal that the EEC be modified so as to give even greater powers to the Council of Ministers, thus presumably leaving the Commission completely helpless against the individual wills of the National Governments.<sup>83</sup>

That the National Governments themselves were well aware what game was afoot was indicated by their responses to the General's proposals. Chancellor Adenauer commented typically that the General had clearly been misunderstood, since he was of the opinion that only an organised union of all the peoples of the free world could effectively meet the Russian menace.<sup>84</sup> The Chancellor apparently still holds to the view that a union sufficient for that purpose does not exist already. More relevantly, the *General Anzieger* said: 'The views developed by General de Gaulle condemn everything that has been sacred for quite some time to Chancellor Adenauer and his Party. For ten years Adenauer has intervened earnestly in favour of the integration of Europe . . . Integration is a word unknown to the vocabulary of de Gaulle'.<sup>85</sup> And about a week later the authoritative *Bulletin* of the Bonn Government stated that the propositions of General de Gaulle for establishing political co-operation among the countries of the EEC initiated a line of discussion which would ignore the principle of supranational bodies which, according to the *Bulletin*, was supported by the majority of the members of the EEC, 'including the Federal Government'.<sup>86</sup> Italian views were apparently undiscoverable.<sup>87</sup> But the Benelux response was peculiarly apposite. In the first place, M. Wigny, the Belgian Foreign Minister,

81. *Le Monde*, 15 September 1960.

82. *Ibid.*, 18 September 1960.

83. *The New York Times*, International Edition, 12 October 1960.

84. *Le Figaro*, 9 September 1960.

85. *Le Monde*, 7 September 1960.

86. *Ibid.*, 13 September 1960.

87. *Le Figaro*, 9 September 1960.

agreed that European political co-operation must be based on existing institutions, by which he presumably meant the National States. But this should not involve any revision or weakening of the Treaty of Rome. However, some alternative to the supra-national idea would clearly have to be found since it was not going to work anyway. M. Wigny suggested in conclusion that if all that General de Gaulle wanted was just simple consultations of national representatives, there was already ample scope for this in the regular diplomatic conferences of the Six and the permanent council of NATO. And on past experience increased opportunities for conversation did not seem likely to lead to increased agreement on anything important.<sup>88</sup>

M. Wigny was of course perfectly accurate. But only the disillusioned President of the MRP, M. Paul-Henri Teitgen, once an exponent of the defeated EDC,<sup>89</sup> was indelicate enough to point the obvious fact that all that the General was proposing was what Western Europe had got already. 'The European organisation which General de Gaulle proposes is indeed, as he says, that of realities. Perhaps even more so than he thinks. It is in fact precisely what has been functioning since 1949: that of the Council of Europe . . . the results are there already or, rather, they are not there.'<sup>90</sup> And this of course was exactly true. The principle of the *voie confédérale*, '*le concert organisé, régulier des gouvernements*,'<sup>91</sup> was simply the principle on which the Council of Europe or Western European Union had been based. It was the principle which the United Kingdom Socialists had had in mind when they applauded the idea that: ' . . . unity should continue to be pursued as at present through co-operation between governments by mutual consent . . . Decisions are easily reached according to the sense of the meeting. Safe in possession of the ultimate right of veto, a government can afford to make concessions it would not yield under pressure . . . Any attempt to establish majority rule would wreck the atmosphere of confidence which already exists . . . Co-operation between governments must be based on mutual consent.'<sup>92</sup>

As the Socialists had intelligently guessed, this was actually what the Conservatives wanted too. So it seemed did General de Gaulle. After ten years of negotiation and recrimination the United Kingdom

88. *Le Monde*, 8 September 1960. M. Wigny would doubtless have sympathised with M. Spaak's plea to the Consultative Assembly of the Council of Europe in October 1955 not to invent a fourth European Assembly. (*The Economist*, 30 June 1956, p. 1264.) His plea was of course in vain.

89. *The New Statesman and Nation*, 24 April 1954, p. 519.

90. *Le Monde*, *supra*.

91. *Ibid*.

92. *European Unity*, *op. cit.* p. 10.



and the Continent appeared to be facing the same way. General de Gaulle might not be able to speak for all Western Europe, but so long as he spoke for France he could certainly dictate the progress of the west towards political union: the other countries of the EEC could hardly associate with France more closely than France was prepared to associate with them. It had already been suggested that the United Kingdom might be attracted into Europe by a simple customs union which would not involve any political commitments. It was at least as probable that it would be equally attracted by the idea of a simple political association which would not involve any economic commitments. The only difficulty with this kind of argument was that it was difficult to see the point of negotiating for a political union which to all intents and purposes existed already.

#### BACK TO THE WEU?

Hence, the discussions at the 'little summit' conference of the Six Governments in Paris in February 1961 seem chiefly remarkable for an extraordinary display of caution by virtually everybody. General de Gaulle and Chancellor Adenauer had apparently agreed on a formula which would provide for regular meetings of the Heads of Government and the Foreign Ministers of the EEC countries every three months. As each State would retain its sovereignty undiminished the meetings would not produce any decisions binding on the participants. But it was apparently felt that they 'would result in a very necessary co-ordination of political action'.<sup>93</sup> This of course was the *voie confédérale* in its purest and most congenial form. Italy, Belgium and Luxembourg were understandably content to accept the views of the major partners on this proposal. But the Netherlands Foreign Minister, Dr Luns, delivered an extraordinary speech in opposition. He argued that the United Kingdom should be invited to join in these discussions. The United Kingdom had rejected the idea of political integration, so it could safely be ignored if that were in fact the point of the discussions. But their aim was in fact only that of a federation [sic] of sovereign States. No integration was involved, so the British should be invited to join in.<sup>94</sup> For federation read confederation, of course, or any other term that seems appropriate. Dr Luns' reasoning is not immediately obvious, but one could not object to the conclusion of the editors of *The Times* that: 'The "little summit" meeting in Paris, though its overt conclusions were indefinite and obscure, showed at least that

93. *The Times*, 13 February 1961.

94. *Ibid.*

there was some opposition within the Six to any tendency to develop a defined political grouping to the exclusion of this country and also that political cohesion among the Six was more likely to grow outside than inside the Community organisation itself.<sup>95</sup>

It is perfectly clear that opposition was developing to a defined political grouping of the EEC countries. And perhaps the reason for the opposition could be guessed from a later statement by Dr Luns at Rotterdam, in which he advocated the use of the Western European Union as an agency for co-operation among the EEC countries. Dr Luns considered that 'the great advantage of using the WEU was that Britain was a member of it. Thus there would be a link between the Six and the Seven of EFTA.'<sup>96</sup>

In other words the Dutch were hoping to mend the economic rift in the OEEC by somehow involving the United Kingdom in the political discussions of the Six. WEU had in fact been suggested once before as a means of strengthening the links between the United Kingdom and the ECSC countries.<sup>97</sup> Its prospects then for doing so had not seemed particularly promising. Europeans were becoming wearily accustomed to the spectacle of the same group of parliamentarians moving from one conference to another and talking about much the same things at all of them.<sup>98</sup> If European Governments wanted to talk politics to one another they had ample opportunities for doing so. They had at least WEU, the Council of Europe and NATO. They could talk to the British in any of them. It could in fact be said that they had formed confederal associations with the British in these bodies. But splitting hairs about federation and confederation was, as *The Times* suggested, completely unreal and academic in this context.<sup>99</sup> The Six had in fact formed another and distinct association among themselves, and this derived from the fact that they agreed for their common benefit to establish a customs union and to facilitate its management by ceding to an independent authority certain economic functions normally exercised by National Governments. They had simply established an Economic Community. They had not surrendered their sovereignties to a federal superstate. They had chosen to limit for a certain time and for their own convenience the areas of Government action over their national economies. As *The Economist* had endeavoured to explain to Sr Renato Giordano, '... the Community theory, already embodied in the

95. *Ibid.*, 14 February 1961.

96. *The Times*, 18 February 1961.

97. *The Economist*, 14 May, 1955, p. 547.

98. *Ibid.*, 30 June 1956, p. 1265.

99. *The Times*, 13 February 1961.

coal/steel pool, is not so much a new kind of state as a novel administrative technique, which depends for its success less on the positive transfer of powers to this or that body as the withdrawal of major economic veto-rights from the national governments. Thus the High Authority at Luxembourg is a regulator and arbiter rather than an executive in the ordinary governmental sense of the term . . .<sup>100</sup> There was nothing particularly new in this: it had happened in varying degrees with the International Postal Union, with the *Compagnie internationale de wagon-lits*, and also, as the United Kingdom Socialists had shrewdly pointed out, with the International Labour Organisation.<sup>101</sup> In all these cases the participating Governments had obviously retained full national sovereignty in any meaningful legal sense of the word: they were merely letting someone else do some of their work.

But these considerations rather limit the value of the suggestion of Dr Luns or that of Herr von Brentano, the Foreign Minister of Federal Germany, who had suggested in Bonn that the conference of the Heads of Government of the Six held in Bonn in May might 'be followed by a meeting of the Six leaders and Mr Macmillan . . . the Six Common Market countries had certain tasks which they must settle among themselves, but that need not prevent closer co-operation and consultation with Britain'.<sup>102</sup> The one task which the EEC countries had to settle among themselves was simply the progress of the EEC itself. There would be no point in inviting the United Kingdom to join in special discussions on the development of the EEC unless the United Kingdom were in fact going to participate in the development of the EEC. It is not a question of the United Kingdom entering upon yet another political association with Western Europe. It was a point of joining an association which had as its specific purpose the integration of the economies of the participating countries. It is quite misleading to insist that it is a matter of the United Kingdom's being required to 'accept the political obligations of the Rome Treaty'.<sup>103</sup> The obligations of the Rome Treaty which are important here are its economic obligations. Political consultations between the United Kingdom and the EEC Governments will become meaningful precisely at the moment when the United Kingdom offers to dismantle its preferential tariff system to pay the price of admission to the Economic Community of the

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100. *The Economist*, 21 November 1953, p. 593.

101. *European Unity*, *op. cit.*, p. 14.

102. *The Times*, 15 February 1961.

103. *Ibid.*, 16 February 1961. (Letter from Lord Gladwyn.)

## THE UNITED KINGDOM AND THE SIX

Six. Something like this has happened already with the EFTA.<sup>104</sup>  
The price will be higher next time.

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104. When the United Kingdom requested other Commonwealth countries to waive their tariff preferences on a number of agricultural products in order to secure the adhesion of some Scandinavian countries to the Stockholm Convention.

## REGIONALISM, FUNCTIONALISM, AND THE UNITED NATIONS

J. W. BURTON\*

'REGIONALISM' HAS BEEN WIDELY USED<sup>1</sup> to describe a form of international organisation limited in membership, and with functions and objectives which may be unlimited. 'Functionalism', on the other hand, has been employed to designate those international organisations which may be universal, but which are limited as to function and to purpose. For instance, the Economic and Social Council has several regional organisations, and it also has associated with it a number of specialised or functional agencies.

Regionalism, strictly, would seem to refer to international organisation on a geographical basis, and this is the normal usage. As such, however, the term has a limited application, and may be misleading. Geographical proximity may be the greatest single factor in the evolution of sub-systems; but the reason is not this proximity so much as the common language, cultural, economic, defence and other ties which tend to bind together peoples within a region. Exploration, conquest and trade carry these ties to points outside the original regions, lessening the importance of proximity as the main integrative factor. An example of strictly geographical regionalism is the Pan-American Union, or Organisation of American States established in 1948. However, this association is no more integrated, and is little different in kind, from that of the (British) Commonwealth, members of which are scattered throughout the world. In between these two extremes there are a number of organisations usually described as 'regional'; but the geographical influences are not the most important. SEATO includes nations outside the region, but not all of those within it. The Arab League is within a region; but more importantly it has a linguistic and cultural basis. The Communist countries have a certain geographical propinquity; but this is secondary to an ideological basis of association. It is appropriate, therefore, for the term 'regionalism' to connote all forms of association amongst limited numbers of nations, whether the association has developed out of strictly geographical circumstances, or out of common linguistic, cultural, traditional, ideological, and other common features which tend to bind nations together.

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1. See Lerche: *Principles of International Politics*, Oxford 1956; Morgenthau & Thompson: *Principles and Problems of International Politics*, Knopf 1950; Strausz-Hupé & Possony: *International Relations*, McGraw Hill 1950.

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Both Regionalism and Functionalism may each be either associative or dissociative, that is, they may each tend to bring nations together into an international community, or they may tend to create barriers between groups of them.<sup>2</sup> The 1953 proposals for a political union of six Western states could be regarded as integrative or associative: they were intended to draw the six nations together without at the same time increasing barriers to co-operation with nations outside the group, or provoking their hostile and retaliatory responses. The (British) Commonwealth cannot be regarded as dissociative now that Imperial Preference is no longer a feature. The Pan-American Union, the Arab League, and the Afro-Asian community each has strong associative features, but also some dissociative ones. NATO, SEATO, ANZUS and the Warsaw Pact, being exclusive military alliances directed against some outside groups of powers, are strongly dissociative regional arrangements.

Specialised organisations dealing with Civil Aviation (ICAO), Education (UNESCO), Health (WHO), Postal Services (UPU), Telecommunications (ITU), and others of this nature are non-discriminatory, universal and integrative functional arrangements. The operation of sugar, steel and oil combines, which seek to control markets in the interests of particular nations, are predominantly dissociative. There are a number of private organisations, some of which are formally registered with the United Nations, such as the International Chamber of Commerce, the International Federation of Christian Trade Unions, and others which can have no universal application, and these probably tend to be dissociative.

It is the purpose of this article to suggest that the further promotion of Regionalism and Functionalism in their associative forms, and their discouragement in their dissociative forms, may be a means of overcoming some of the problems which currently seem to be threatening the successful operation of the United Nations. More particularly, the purpose is to suggest that the decentralisation of international organisation by these means will not merely remove an administrative burden too great for any central organisation to carry; but will in addition make a contribution directly to the removal of conflict situations, and to the settlement of disputes.

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**The intention of the United Nations Charter was to promote associative, and to discourage dissociative forms of regionalism. Chapter**

2. See for discussion of associative trends, Mathisen, *Methodology in the Study of International Relations*, Oslo University Press 1959.



VIII of the Charter deals with 'Regional Arrangements' and it is wholly associative in intention: its purpose is co-operation regionally amongst nations in the promotion of their security and welfare, and in the settlement of disputes at an early stage by those with direct knowledge. The precise provisions of Chapter VIII are included below as an appendix for purpose of reference. These would seem expressly to exclude dissociative forms of regionalism, such as NATO and the Warsaw Pact. For instance, it is intended that all nations in a particular area, friendly or otherwise, should take part in an endeavour 'to achieve pacific settlement of local disputes'. Secondly, all the activities and contemplated activities of the regional organisation are to be reported to the Security Council. Both provisions would seem to rule against exclusive military pacts and alliances.

Dissociative military alliances may be justified under Article 51 of Chapter VII dealing with 'Action with respect to threats to the peace, breaches of the peace, and acts of aggression'. In this article there is a provision that 'Nothing in the present Charter shall impair right of individual or collective self-defence . . .'

Professor Stone<sup>3</sup> and others have argued that Chapter VIII must be read in the light of the over-riding provisions of Article 51, and that regional military arrangements are sanctioned by the Charter. The reasons given are that individual and collective self-defence in modern conditions cannot wait upon attack, and must include planning in advance, and therefore defensive regional organisations. Plans for self-defence, moreover, cannot be communicated to the Security Council, for the probable enemy would then become acquainted with the defence secrets of the members of the defensive organisation.

On this argument, governments do not need to defend their military alliances by rationalisations regarding Chapter VIII (as in fact Western governments have done), for they have separate and over-riding rights under Chapter VII. However, even under Article 51, the right of self-defence is not an absolute one. The Article reads, 'Nothing in the present Charter shall impair the inherent right of individual or collective self-defence *if an armed attack occurs* (presumably the right exists only when attack occurs) until the Security Council has taken the measures necessary to maintain international peace and security.' Again, as in Chapter VIII 'Measures taken—shall be immediately reported to the Security Council . . .' It is difficult to see how this article sanctions preparations in advance, such as military alliances. Reading Chapter VIII and Chapter VII

3. See *Legal Controls of International Conflict*, Maitland, 1954, Chapter IX and Discourse 12.

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together, the right of self-defence given in the Charter would seem to be no more than the right to employ national forces if attacked.

The fact is, however, that the major policy decisions have been taken, and dissociative alliances do exist, whether or not intended by those who drafted the Charter. Let us assume, for the sake of exposition, that Article 51 justifies exclusive and secret military alliances and preparations, and that Chapter VIII was intended not to prevent them, but to provide alongside them, broad regional arrangements of a non-military character.

The position is that while Article 51 has been implemented, advantage has not been taken of Chapter VIII: there does not exist any net-work of regional arrangements which are designed to settle disputes as they develop, and before reference to the Security Council is made necessary. The consequence of the existence, on the one hand, of dissociative regional arrangements, and of the absence, on the other, of associative ones, is that the whole burden of peaceful settlement of disputes, together with the consequences of competitive arming arising out of dissociative alliances, is placed upon the one central international organisation—the United Nations. The burden is carried in particular by the Security Council and the Secretary General. Every dispute, no matter how trivial, how local, must come before the central organisation. By the time it has been referred to the Security Council it is at an advanced stage, frequently one of open conflict.

Evidence that this burden is too great for a centralised United Nations to carry is in several developments which now threaten, not merely the future strength of the United Nations, but even its present level of operations. There is, primarily, an administrative burden. The proceedings of the United Nations, and in particular of the Security Council, could originally be followed in detail by responsible political leaders: adequate responsible attention and direction could be given. It is now an organisation which meets almost continuously, dealing with many minor disputes which arise out of local circumstances, not understood by most nations. It is impossible for national leaders to follow proceedings, and delegates frequently act without responsible instruction. This in turn encourages bloc voting—the following uncritically of the leadership of a friendly Great Power which, it is assumed, knows the facts. In these circumstances it is not surprising that the United Nations has become a forum at which national and improvised view-points are expressed in propaganda terms.

The central staff of the United Nations has become immersed in the details of world affairs, and tied to a routine which effectively

prevents the imaginative leadership and advice which should be expected of an international secretariat. The routine of the United Nations, the day-by-day work and responsibilities, place a burden on the Secretary General, probably greater than that carried by the political head of any government. He has no responsible Cabinet with whom to share the burden.

Furthermore, the advantages of decentralisation, now widely appreciated in the field of domestic administration, are wholly lacking. The Secretary-General and his staff in the Congo instance—and this is merely one of very many—were required at a moment's notice to make recommendations to, and to carry out the decisions of, the Security Council, on matters about which they could not be informed fully, and which more appropriately would have been dealt with, in the first instance at least, by a regional body acquainted with local circumstances. In dealing with the complex subject-matter of international political relations, it is impossible for a central organisation to be fully advised, and to act with the necessary wisdom.

These two administrative difficulties, the enormous quantity of business which prevents responsible national supervision, and the complexity of the subject-matter on which the Secretariat cannot adequately be informed, both have been increased by additional membership. The inclusion of fifty new members in addition to an original fifty, has rendered the body ineffective as a deliberative, fact-finding, conflict-resolving organisation.

Administratively, then, the United Nations, by reason of its wholly centralised nature (we are at the moment concerned with political relations), now faces problems which could lead to its break-down.

In addition to the administrative problems, and arising out of this centralized administrative structure, there are grave political difficulties. Local disputes in their origin frequently do not concern other powers. They would more easily be resolved by local argument, or local argument could define the issues for Security Council decision. But in the centralised organisation, local disputes become extended and confused, and reflect and aggravate the already-existing Great Power rivalries.

The centralised international organisation of the United Nations, operating in the absence of associative regional bodies, and in a world environment dominated by dissociative military alliances, has thus itself become a dissociative influence. The United Nations (in

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its political work) is contributing to the extension of conflicts, and its dissociative influences are threatening even its own existence.

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The progressive development of regional organisations of the Chapter VIII type (even though the military arrangements assumed to be sanctioned by Article 51 were still to remain in existence), could help to solve some of these pressing problems of the United Nations. Chapter VIII implies, as we have seen, that all nations, regardless of their power bloc affiliations, should be members of the regional group. It also implies that conflict should be resolved within these organisations. (See Article 52 (2).) Furthermore, the Security Council is obliged to rely upon these regional organisations for the settlement of disputes. (See Article 52 (3).) Chapter VIII provides, in effect, a plan for decentralisation of international organisation.

Decentralisation also helps directly to prevent the development of conflict situations, and in the settlement of disputes. Firstly, the various regions of the world tend toward a cultural homogeneity within themselves. The countries of Africa, Europe, South East Asia, for example, comprise groupings which have faced common problems, and have had many common experiences. Debate, discussion, procedures and negotiations are likely to be more fruitful in these circumstances. The New Delhi Conference of 1949 on Indonesia comprising Asian, African and Middle East governments, was a regional meeting in the sense that those attending had common policies in respect of independence, and all had experienced subjection. Being interested in issues of independence they were all well informed on Indonesian affairs, and quickly arrived at a recommendation to the Security Council which contributed to a final settlement.

Secondly, the discussion of local conflict situations within a regional group tends to confine the issues to those immediately relevant, and to exclude strategic and other considerations of interest only to outside powers. If the recent Congo situation had in the first instance been dealt with by an established regional organisation of independent African states, less opportunity would have been given to Great Powers to pursue their conflicting interests in relation to Africa, and in relation also to the central organisation of the United Nations.

Thirdly, conflict-integration is given greatest scope in regionalism. Valuable attention has been drawn recently to conflict-integration by a group working at Stanford. Clearly 'some measure of integra-

tion exists in any overt conflict situation by virtue of the very fact that an overt conflict implies some contact between the parties'. But there is more involved than mere contact. The first step in any integration, as with compromise is to uncover the conflict. When the demands of both sides are broken up, then it is possible for the parties to evaluate the issues. 'It is assumed, under such circumstances, that neither side ever "gives in" but that there often comes a moment when interests on both sides are suddenly perceived in a new perspective, and unity precipitates itself. So it frequently comes about, once an integration is effected, that the compatible, even co-operative, effort compels a change in the whole motivation of the two parties, and a new relationship emerges.'<sup>4</sup> Centralized organisation in international relations does not take advantage of these behaviourist possibilities of conflict integration.

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At the present stage of development of political science, it is not necessary to argue either the advantages of decentralisation in administration, or the benefits of conflict integration. The problem of form and structure which would incorporate these advantages is the one which requires acceptable solution.

We have so far confined comments to international political organisation. There is in the economic field a high degree of decentralisation under the central direction of the Economic and Social Council. This decentralisation has taken two forms, firstly in the creation of a number of specialised agencies, Food and Agriculture, Health, UNESCO, UNICEF, and others, and secondly, in regional organisations, such as ECAFE, and the European, African and Latin American regional organisations of the Council. It would be difficult to estimate the associative influence of this quite vast net-work of economic organisation. The sessions of the Economic and Social Council and of the specialised agencies are not news—they have few administrative problems with political implications to justify head-lines. There may be inefficiencies, arguments about contributions and priorities; but the work of the agencies and of the regional bodies is smooth, and the sessions of the Council place no undue burden on the central administration. Indeed, if it were not for this associative work, the standing of the United Nations would probably not command as much popular support in the majority of countries which now take a special interest in the United Nations.

4. See Robert North: 'The Integrative Functions of Conflict'. Article in *Conflict Resolution*, Vol. IV, No. 3, September, 1960.

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Two questions arise. Why was this Economic and Social Council decentralisation possible, and why was there no similar Security Council development? Secondly, and a related question, are the conditions which mitigated against decentralisation in the political field still operative?

Post-war reconstruction planning commenced on an international basis even before the end of hostilities, and in the context of pre-war analyses of the causes of war, which were economic in emphasis. By the time the Charter conference was convened at San Francisco in 1945, there was in existence a number of specialised agencies, and it was a matter for easy agreement that they should be brought into relationship with the United Nations. The Council had a co-ordinating function from the outset. The development of regional consultation on economic matters was, from a political and practical point of view, an easy operation, welcomed by all governments despite political differences. On the political side, there was no such body of agreement and organisation to be incorporated into the United Nations. Chapter VIII merely provided for its future development. There was no organ responsible for initiating this development, and there was no world public opinion which saw its need. The Security Council was conceived as a body with the negative function of stopping conflict, unlike the Economic and Social Council which had a positive function of creating conditions in which conflict would not arise. In 1945 it was not appreciated that ideology and political rivalry could, quite apart from economic conditions, create conditions of hostility, and nowhere in the Charter was provision made for the study of fundamental political problems in international relations. Furthermore, the distrust and suspicion amongst the Great Powers of the pre-war and war-time periods continued, and a certain degree of informal military alliance existed amongst them. If the Security Council inherited any decentralised political organisation it was of this dissociative type which finally took the form of military pacts. These added to the burden of the Council, and did nothing to relieve it of the responsibilities of conflict resolution.

It is interesting to note that at San Francisco the Latin American States pressed hard for the recognition of regional organisations, pointing to the achievements of the inter-American system. Supported by the USA, they managed to have inserted into the Charter the present Article 51. However, the agreement which constituted the Organisation of American States made three years later was not inconsistent with Chapter VIII. The intention was the regional settlement of disputes, and the general co-operation envisaged in Chapter VIII. There were regional defence objectives also, but



none which would not reasonably fall within the purposes of Chapter VIII. Unfortunately, and probably because they were never consulted over the Dumbarton Oaks draft, the Latin Americans failed to grasp the opportunity of giving the United Nations a model for Chapter VIII, and they provided, by introducing Article 51, the justification for regional military pacts which were at that stage not intended by any delegation.<sup>5</sup>

Has the world environment changed in any way which would make possible even now the developments intended under Chapter VIII?

There have been since 1945 a great many developments conducive to associative trends. No estimate of the practical significance of any is possible: all that can be said is that they are in practice associative, and to this extent helpful to regionalism and integration. The possession by Great Powers of nuclear devices has altered the political situation, and in some respects assisted in resolving conflict. East and West seem now to be more inclined to accept neutralist governments and compromise solutions in areas of undetermined political allegiance. Laos and Congo both lend support to this view. An extension of neutralism to the most troublesome of political situations, Germany and Korea, is in the nuclear age at least conceivable. Once there is an acceptance by Great Powers of neutralism as a possible means of avoiding nuclear conflict, the way is open for conflict resolution on a regional basis, on the basis of local facts and circumstances, and without reference to great power rivalries.

Secondly, there have been very great sociological and political changes in the two main rival systems. The virtual end of colonialism, the development of the welfare state in the West, and the acceptance by the West of Communism as a system, and the ideological and practical changes which have emerged in the communist states, and the recognition of the viability of capitalism, together with common fear of nuclear warfare, seem to be leading to an international political environment in which compromise and integration will be possible.

There have been other environmental changes which now make possible regional integration. For instance, before the war, with unemployment and competition from low-cost countries a constant fear, each nation was defensive in its policies, and regionalism where it did exist was dissociative. For example, the British Commonwealth clung to Imperial Preference. Now that there is confidence in the

5. See *Documents on Inter-American Co-operation*, Vol. I and II. Edited by W. C. McDermott. University of Pennsylvania Press 1955.

ability of financial policy to maintain high levels of employment, now that there is an accepted stability in domestic economies in the advanced countries, associative trends are likely to strengthen. Australia can import large quantities of Japanese goods with the minimum of political reaction. Integration of developed and under-developed countries, even customs unions and joint developmental planning, can now be contemplated. More Australian integration with Asia is likely to develop in this way.

The independence of states is in itself an associative factor. Colonial areas were usually administered in the interests of the colonial power, and under-developed states in the same region so administered had little opportunity for co-operation. Independence removes this dissociative factor, and a future development could easily be the closer association or even unification of neighbouring states previously under separate colonial control.

There are in addition many other associative trends, including improved communications and education, which help to create an environment less favourable to dissociative regionalism, and more conducive to integration and regional co-operation in political relations.

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Assuming that the environment is, or is likely to be ripe for regionalism in political relations, what form is possible?

NATO, SEATO, Warsaw and other alliances are so much based on military arrangements, and so discredited amongst those against whom they are aimed, that it is unreasonable to expect them to function in accord with Chapter VIII of the United Nations Charter. Certain steps have been taken in SEATO to broaden its objectives, but it remains a discriminatory, dissociative pact. A separate organisational development has to be postulated.

There already exist regional arrangements which are essentially associative. The (British) Commonwealth, the Pan American Union and the Afro-Asian community, are strongly associative. The Arab group, and the Communist countries, both have important regional functions in relation to the settlement of disputes. The (British) Commonwealth in particular, now that its members contain many nations of different stages of development, and of different culture, must be regarded as having an important associative influence in the world community. These are organisations outside the United Nations; but each makes a contribution to the objectives of the United Nations, and relieves the United Nations of some of

its burden, in so far as each avoids dissociative policies and actions.

Most nations are within some group of this character. However, regional arrangements of this kind touch only the fringe of the problem of conflict, for it is not within these groups that the conflict is most likely to arise. Formal regional arrangements of the Chapter VIII type, superimposed on these more natural associations, are required in order to reduce their dissociative features, and to encourage associative activities amongst members of different groups.

Regional groups of small powers are possible, and in a sense the Afro-Asian community constitutes one. There would be some advantages in the formation of regional groups which excluded all Permanent Members of the Security Council, so that regional disputes could be resolved in their absence. This would also solve difficulties which would occur whenever a region happened to contain opposing Great Powers. It would avoid also the danger of nations being dominated in a regional organisation by one Great Power. However, in order to obtain the maximum benefit of conflict integration, and the maximum influence of small powers on world affairs, strictly geographical regions would seem to be beneficial. This would mean that Great Powers would be represented only in those regions in which they had their metropolitan territories, and would have no claim to interests outside their own region. This is a reversal of traditional procedures: even ECAFE includes all Great Powers. It is, however, a procedure more in accord with a world structure of independent nations, and more likely to result in peaceful settlement of local disputes. The pattern of international political relations which would develop would be, say, six regional organisations, Europe (including Russia), Asia, Oceania, Africa, the Levant and America, each a little United Nations in itself. The main function of the Assembly and of the Security Council would be to hear reports from these organisations, to deal with issues referred to it, and to refer issues for advice. Disputes which could not be dealt with by this simple system of decentralisation would include those between countries in two different regional organisations, and disputes over territories controlled by a power not in the region. The United Nations central administration would have in these cases the additional function of arranging or directing consultation between regional organisations.

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These are purely speculative considerations designed to raise the general problems of the United Nations, and to point to the advan-

tages of regionalism. Their realism is a matter of judgment. New Guinea is an interesting and topical case on which to test these proposals. Here is a dispute which affects countries in a particular region (primarily Indonesia and Australia), and one outside the region (the Dutch). There are others interested, for instance, New Zealand and Malaya. The parties to the dispute, and others which have shown an interest, all declare their support of the principle of self-determination. Rival claims are legal ones, based on interpretations of agreements, and on past administrative structures. Clearly, the motivations are endeavours to pre-determine self-determination. If this situation becomes acute, the Security Council will be required to settle it. The issues will be wider, a great power rivalry will enter into it. Settlement will then be unlikely. A regional organisation would probably not arrive at any firm agreements. Nevertheless, there would be a clarification of issues, and probably some suggestions which would change the nature of the dispute. For instance, conflict integration could take place, and suggestions of customs unions, mutual development-planning, joint defence and common use of bases and other such regional proposals would be thrown up, which could wholly change the background against which the dispute was taking place. Out of the New Guinea dispute there could develop a lasting enmity between Australia and Indonesia, especially if the dispute went to New York and became a part of Great Power rivalries. It could, on the other hand, lead to conflict integration, and many regional developments of mutual benefit.

Other test cases are Formosa, Korea, Germany, Congo, Laos and Israel. An interesting exercise would be to speculate on the type of conflict resolution or opposing recommendations which would emerge from discussions in the relevant regional organisation dealing with each of these issues.

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Functionalism can have a similar integrative effect, and equally could take some of the burden from the United Nations. Indeed, it is already doing this. Agreements which were operative before the creation of the United Nations, covering navigation, post and telegraph, health controls, and a host of other matters, have had added to their number since the Second World War, many of far-reaching importance. GATT, the Antarctic neutral zone, and agreements which have resulted from the operation of the Economic and Social Council and its agencies, have taken politics out of international commercial relations.

So far functionalism has not penetrated far into international political life. Nuclear test bans, control on export of arms, the control of intelligence agencies, are amongst a long list of subject matters which would lend themselves to a functional approach to peaceful relations. Disputes arising out of these matters would be dealt with by the specialised organisation, and not argued in the Security Council, or on the propaganda platform of the Assembly.

One important functional agency required is an international centre of political research. At no point within the United Nations is there a centre of political research to which reference can be made by the Secretary-General, or any of the organs of the United Nations. There are research agencies in the economic and social fields. It is at this point in the organisation that the three-power representation suggested by the Soviet could be introduced. If there were unanimity at a research level, the Secretary-General could be expected to accept the facts presented. If not, he could be forgiven for using his discretion. Pugwash<sup>6</sup> experience is that agreement is possible internationally on a scientific or academic level.

Another functional agency which still seems to be required is one to deal with all economic and technical assistance on a non-discriminatory and co-ordinated basis. UNRRA was of this kind, but Cold War developments led to its cessation. In the new circumstances of the current political situation, a specialised agency to carry out the technically complex problem of underdevelopment might be possible.

A United Nations, resting on developed regionalism, and on ever-extending functionalism, could become an effective instrument of international policy co-ordination. The withering away of the United Nations, and the building up of these two integrative systems, might provide a surer foundation of peaceful international relations.

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What has been suggested is no more than was intended in 1945. The Charter as it stands contains the provisions necessary for the evolution of a decentralised United Nations. An unfortunate turning was taken as a result of Cold War circumstances. Now the nuclear stalemate is forcing reconsideration of their policies by all larger powers. The time might be ripe to pursue the objective originally

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6. 'Pugwash' is a meeting of Scientists, originally convened in 1957 by Lord Russell, and which has met six times. Strong Western and Communist teams of scientists usually attend.

## REGIONALISM, FUNCTIONALISM, AND THE U.N.

intended. The United States may now have the leadership capable of applying the lessons of inter-American organisation to other regions.

The initiative still has to be taken. This is a matter of national policy. Few countries have more to gain by a Chapter VIII approach to international organisation than Australia. 'Support for the United Nations' is not in itself a policy, especially at a time at which the structure of the United Nations itself is in question. Support for a decentralised United Nations, and for the development of associative Regionalism and Functionalism both within and without the United Nations, is a positive policy touching upon economic, social and political relations. For Australia it could lead to associative relations with countries in the region in which Australia is placed, on which alone, in the final analysis, rests Australian security.

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### APPENDIX

#### THE CHARTER OF THE UNITED NATIONS CHAPTER VIII — REGIONAL ARRANGEMENTS

##### ARTICLE 52

1. Nothing in the present Charter precludes the existence of regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action, provided that such arrangements or agencies and their activities are consistent with the Purposes and Principles of the United Nations.
2. The Members of the United Nations entering into such arrangements or constituting such agencies shall make every effort to achieve pacific settlement of local disputes through such regional arrangements or by such regional agencies before referring them to the Security Council.
3. The Security Council shall encourage the development of pacific settlement of local disputes through such regional arrangements or by such regional agencies either on the initiative of the States concerned or by reference from the Security Council.
4. This Article in no way impairs the application of Articles 34 and 35. [Freedom of Security Council to act on its own initiative or at the request of a Member.]

##### ARTICLE 53

1. The Security Council shall, where appropriate, utilize such regional arrangements or agencies for enforcement action under its authority. But no enforcement action shall be taken under regional arrangements or by regional agencies without the authorization of the Security Council, with the exception of measures against any enemy state, as defined in paragraph 2 of this Article, provided for pursuant to Article 107 or in regional arrangements directed against renewal of aggressive policy on the part of any such state, until such time as the Organization may, on request of the



Governments concerned, be charged with the responsibility for preventing further aggression by such a state.

2. The term enemy state as used in paragraph 1 of this Article applies to any state which during the Second World War has been an enemy of any signatory of the present Charter.

#### ARTICLE 54

The Security Council shall at all times be kept fully informed of activities undertaken or in contemplation under regional arrangements or by regional agencies for the maintenance of international peace and security.

## CANADA AND THE WORLD

S. ENCEL\*

THE LANDSLIDE VICTORY OF MR DIEFENBAKER's Conservatives in the Canadian general election of 1958 portended more than the end of a generation of Liberal political hegemony. It was an index of far-reaching changes which are affecting Canadian society and Canada's place in world affairs.

The Conservatives came to power amid a rising current of anti-American sentiment which was repeatedly mentioned in Mr Diefenbaker's speeches. Speaking at Dartmouth College in September 1957, the new Prime Minister recalled to his hearers the remark made by Mr Lester Pearson a few years earlier, that 'the era of automatic good relations between the U.S.A. and Canada was over'. As a result of his statements in the electoral campaigns of 1957 and 1958, Mr Diefenbaker acquired a reputation as the Canadian leader who was prepared to 'stand up to the Americans', and secondarily as an apostle of a more active role for Canada within the British Commonwealth. The rhetoric, if not the deeds, were a direct challenge to the policy of Mackenzie King and St. Laurent of keeping Canadian policy aligned with that of the United States, and there is evidence that the government can rely on popular support for any actions that demonstrate its continued determination not to toe Washington's line. The Canadian press was careful to underline the fact that the Castro government had not forcibly expropriated the two Canadian banks operating in Cuba, unlike their American counterparts. (They 'ceased operations voluntarily' and their assets were then acquired by the Cuban government.) Again, Canada refused to impose an embargo on trade with Cuba, and the signing of an agreement to buy sugar in return for Canadian grain and other exports was reported with an appropriate flourish.

The exploitation of resentment against American 'domination' gave the Conservatives a distinctive line on foreign policy and undoubtedly helped them to win a majority in the traditionally anti-American province of Quebec, which deserted its normal practice of voting Liberal in federal elections. Mr Diefenbaker's other achievement was to remove from the Conservatives the stigma of being a do-nothing party with no *raison d'être* apart from protecting the interests of the Ontario business community. Both in 1957 and 1958, he campaigned on a platform of 'social justice' which involved the deliberate use of government policy to promote greater

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social equality and to stimulate the economic development of backward parts of the country. It is at this point that internal and external policy intertwine, for the campaign against American investment is the other side of the coin of internal economic development. In his Dartmouth speech, Mr Diefenbaker emphasized the magnitude of Canada's loss of revenue through the flow of profits earned in Canada back to the American stockholders—revenue which, if invested in Canada, would yield a large part of the finance needed to realize Mr Diefenbaker's ambitious promises of social improvement.

The rise in unemployment which preceded the Conservative victories of 1957 and 1958 underlined, for many Canadians, the dependence of their economic well-being on decisions made in the United States. Despite election promises to cure unemployment, the problem has continued to grow under the Diefenbaker administration, whose future now depends largely on the success of its recent 'baby budget' in dealing with the worsening economic situation. Unemployment in the winter of 1960-61, which rose to a figure of more than 10 per cent of the labour force, was the highest since the war.<sup>1</sup> Canada, because of its climate, regularly suffers from seasonal winter unemployment, especially among men, but the seasonal problem is now superimposed on a chronic annual lack of jobs. Between 1951 and 1960, the labour force increased by 1,150,000 people, and the number of jobs by only 820,000. Moreover, although employment in primary industry (including the 'resource industries' of mining, forestry, and oil) has declined steadily, there has not been a corresponding expansion of jobs in secondary industry. To make the position worse still, Canada has regularly had an adverse trade balance since 1954. In 1958, the new government succeeded in reducing it below \$200 millions, but it has since risen to more than double that figure in 1960. The most disturbing reason for the deficit is the apparently ineluctable rise in 'invisible' items, which have increased from \$325 millions in 1952 to more than \$1000 millions in 1959. By far the biggest source of this outflow is the payment of dividends and interest on borrowed capital and equity investment in Canada. Like Australia, Canada has been aided in its balance of payments difficulties by the inflow of foreign capital—i.e. mostly American—but this creates further problems. As each year's deficit is covered by a fresh inflow of capital, the level of interest and dividend payments keeps rising; in 1959, it reached \$473 millions.

In this situation, the role of Jeremiah has fallen to Mr James E. Coyne, governor of the Bank of Canada. On at least three occasions

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1. *The Times*, supplement on Canada, 21/11/60.

during 1960, Mr Coyne chose a public platform to warn his fellow-countrymen, the latest of them being an address at Calgary, Alberta, in October. He has accused Canadians of going on a borrowing spree, whose long-term result could only be the loss of national identity to Canada's southern neighbour. (United States interests already own about one-quarter of Canadian industry, and the proportion is much greater in some of the 'resource industries', especially oil.) Managerial decisions in such cases were frequently made by foreigners, and there was no guarantee that Canada's national interests would be considered in the formulation of these decisions. As a first step towards correcting foreign economic dominance, Mr Coyne proposed that shares of Canadian subsidiaries of foreign companies should be made available to Canadians on the open market.

Although there has been no direct support, and indeed some opposition to Mr Coyne's views from government sources, the supplementary budget introduced by the Finance Minister, Mr Fleming, just before last Christmas indirectly endorses some of Mr Coyne's proposals. The budget envisages an increase of government revenue of \$14 millions derived from the withdrawal of tax concessions on foreign investment. Canadian investment in Canada is to be encouraged by imposing penalties on pension and other savings funds which have invested heavily abroad. A 15 per cent withholding tax was imposed on practically all interest and dividend payments going out of the country, some having been exempt and others previously taxed at only 5 per cent.<sup>2</sup>

It remains questionable how far these measures will meet the economic problem. Many Canadian economists believe that no permanent improvement is possible without acceptance by the government of the need for large-scale economic intervention. Although Mr Diefenbaker has been able to drag the Conservatives some distance to the Left, his continued success in doing so is open to doubt. It is equally doubtful whether he is himself prepared to swallow large increases in government economic intervention such as those advocated in the numerous monographs prepared for the recent Royal Commission on Canada's Economic Prospects by a variety of economists, sociologists, and political scientists. There is a growing feeling among academic economists that strictures on American domination are merely a substitute for serious thinking about Canada's problems. As a result of Mr Coyne's public utterances last year, they took the unprecedented step of publishing an open letter to the Finance Minister asking for the bank governor's dis-

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2. *Toronto Globe & Mail*, 28/12/1960 (overseas edition).

missal.<sup>3</sup> The organizers of the letter had hoped to obtain the signature of the great majority of academic economists, but this takes time in a country as large as Canada, and the existence of the letter was leaked to the press in Montreal when only seventeen signatures had been obtained, representing three universities in Montreal, Ottawa and Toronto. Nevertheless, it appears to have produced some impression, judging by subsequent utterances made by Mr Fleming, by Liberal leaders, and by some bankers. The letter declared that 'recent public statements by the governor of the Bank of Canada have seriously shaken our faith in the wisdom and competence of the bank's management'. It referred to 'serious economic difficulties, both in our domestic economy and in our trade and financial relations with other nations'.<sup>4</sup> Although the letter did not spell out detailed disagreements with Mr Coyne, the nature of these is fairly well-known. On the one hand, many economists disagree with the tight money policies pursued by the bank (and the government); on the other, there is uneasiness about the 'jingoistic' overtones of Mr Coyne's speeches.

In the meantime, the political fortunes of the Diefenbaker government are threatened by developments throughout the country. The Conservatives have done badly in four out of five recent provincial elections. In New Brunswick, a traditionally Conservative province, the Conservative government was turned out in favour of the Liberals and for the first time in provincial history a French-Canadian became premier. In British Columbia, not a single Tory member was returned to the 52-seat legislature. In Saskatchewan, the Co-operative Commonwealth Federation was returned with an increased majority, and again not a single Conservative was elected. The most important case, of course, was that of Quebec, which had been governed uninterruptedly from 1944 to 1959 by the late M. Duplessis's Union Nationale. M. Duplessis, whose regime had been a one-man dictatorship of quite remarkable rigidity, died in office; his successor, M. Sauvé, survived him by only a few months; and his successor, M. Barrette, was turned out by the Liberal Party, led by M. Jean Lesage, in June 1960. The implications of this victory are considerable. The Liberal election programme promised a series of reforms, most of which involve the acceptance of federal funds, an issue that has wrecked other reform movements in the past, when the cry of 'selling out to Ottawa' has rallied the strong sentiments of French-Canadian separateness. Although M. Lesage

3. Opposition to Mr Coyne's policies was also expressed at the national Liberal conference in January, which supported increased intervention.

4. *Globe & Mail*, 8/12/60.

was constrained to assert, over and over again, that he would maintain Quebec's autonomy, the more significant thing is that the electors gave a majority (not an overwhelming one, it is true) to a party which had undertaken not only to strengthen the links between Quebec and the national administration, but which also stands for the end of the government by bread and circuses that has characterized Quebec for more than a century. Soon after assuming office, M. Lesage created a sensation by directing that all government contracts should be let by public tender. The educational system, which is suited to the needs of a medieval theocratic state rather than a modern industrial community, is to be reformed following the report of a Royal Commission. The police, which have provided Quebec with many juicy scandals, are to be 'cleaned up'; instead of a political friend, M. Lesage chose an officer of the Royal Canadian Mounted Police as the new commissioner.

The national Liberal party clearly hopes to exploit the new situation in Quebec. At the same time, a further development promises to introduce yet another dimension into the political scene. This is the emergence of the so-called 'New Party' formed by an alliance between the Co-operative Commonwealth Federation and the Canadian Labour Congress. Since its foundation in 1933, the CCF has failed to attract the support of all but a few trade unions. The unions themselves, many of them with American affiliations, reflected the cleavage between the AFL and the CIO, and until 1956 they were split into two associations, the Trades and Labour Congress and the Canadian Congress of Labour. Their merger in the Canadian Labour Congress paved the way for united political action, and in 1958 the CLC agreed to join the CCF in the formation of a new party. At its national convention in the summer of 1960, the proposal was endorsed by the CCF. The constitution and objectives of the party, whose formulation will present many difficulties, are to be adopted at a conference in Ottawa in August 1961, where an appropriate name will also be chosen. Meanwhile, without possessing any of these appurtenances, the New Party, as it continues to be called, has already made a spectacular debut. On October 31st last, four by-elections were held for the Canadian House of Commons. Two electorates in Ontario, Niagara Falls and Peterborough, were contested by the New Party, and in Peterborough, formerly a Conservative stronghold, the New Party gained a plurality of almost 3,000 votes over the Conservative candidate. (As Canada uses a first-past-the-post voting system, many seats are not held by absolute majorities.)

Only one of the four by-elections mentioned was won by the



Conservatives, whose popularity has also fallen steadily in public opinion polls. Since October, another four seats have become vacant, all of them previously held by Conservatives, but so far Mr Diefenbaker has made no announcement concerning by-elections. It is widely believed that he is considering the possibility of an early general election before Conservative prestige is chipped away by further by-election defeats.

While the recrystallization of political forces inside Canada is proceeding steadily, Canadian determination to present a distinctive face on international questions continues to find expression in various ways. Not only in Cuba, but also in Asia and Africa, Canadian policy has often represented a striking contrast to that of the United States. A case in point is that of India, towards whom Canada has maintained a consistently friendly attitude, expressed in such actions as the joint undertaking to establish a nuclear reactor at Trombay. In Africa, too, the Canadians have been much quicker than the Americans to appreciate the true significance of nationalist aspirations. A comparatively large number of students from African countries have already come to Canadian universities under schemes such as the Commonwealth Technical Assistance Plan and the Commonwealth Scholarship and Fellowship Plan. In the 1960-61 budget, \$1 million was provided for these two projects, and in October the government decided to increase annual expenditure to a figure of \$3.5 millions for the succeeding three years. Mr Diefenbaker is also understood to have agreed in principle to similar scholarships at French-language universities for African students from the former French colonies and from the Congo. The universities, for their part, are expanding their courses on African studies. While I was in Ottawa I attended part of a first-class series of lectures on developments in Africa, most of them given by Canadian specialists on African affairs.

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Overshadowing all these questions remains the 'agonising choice' whether to accept nuclear arms.<sup>5</sup> In no respect is Canada's dependence on the United States more painfully obvious than in the sphere of defence policy, and the conversion of NATO to a strategy based on nuclear striking power has caused the steady growth of concern about Canada's role both in NATO and in Western Hemisphere defence. The integration of Canada into the American defence programme, already evident in many ways, was sharply reinforced by

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5. Peter Newman, in *Maclean's Magazine*, 17/12/60.

the government's decision, in 1959, to scrap the Arrow fighter, which wiped out the largest single item of defence production in Canada and threw more than 7,000 scientists, technicians and skilled tradesmen out of work. With the virtual abandonment of military aircraft production, Canada becomes more than ever dependent on American missiles. For a time, the discomfort engendered by this fact was camouflaged by the specious compromise of acquiring the missiles (such as the 'Honest John') *without* nuclear warheads. When this pretence broke down in its turn, Canadians were afflicted with deep uneasiness, which the recent agreement on joint control of nuclear warheads stationed in Canada is unlikely to remove. This uneasiness was expressed by Mr Pearson at the national Liberal conference in Ottawa in January. He contended that Canada should continue to play a passive role in the North American Air Defence Command, and opposed the adoption of nuclear arms of any kind on the American continent. In other speeches, Mr Pearson has reiterated the belief that Canada should only participate in warning systems against hostile aircraft or missiles, and not equip herself with missiles as well.

It is conceivable that resistance to American economic domination is connected with uneasiness about the increasing dependence of Canada on U.S. Defence policy. It remains to be seen whether the advent of the Kennedy administration, together with political regrouping inside Canada, will permit the development of an easier relationship between the two countries.

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DOCUMENTS ON INTERNATIONAL AFFAIRS, 1957. N. Frankland (ed.). Under the auspices of the Royal Institute of International Affairs. London, O.U.P., 1960. Pp. xvi + 539. Australian price 113/3.

This source book maintains the high reputation established through thirty years by the series of publications of which it is the latest issue. Yet one is entitled to ask at the outset whether the letters, notes, memoranda, statements, resolutions and extracts from press conferences that make up this book tell us much about the motives of the decision makers in international politics or about the forces that played upon them. So much of the official documentation reveals the polished veneer, which no doubt is a necessary part of the diplomatic interchange between civilised people, but it conceals the flesh and blood realities that lie beneath the surface. And this means that if the reader intends this to be more than a reference book—and it is a useful one,—and wishes to extract from an official text the meaning of policy that lies buried in it he must bring to its examination some knowledge of the context, an acute perception and a sympathetic understanding.

In retrospect 1957 will possibly be regarded as the year when the pattern of international relations established after the Second World War began to disintegrate. The two major events late in the previous year, the abortive Hungarian rising and the abortive attack on Egypt, set going this process. As a result both the Western Powers, led by the United States, and the Communist States, largely directed by the Soviet Union, were busily engaged mending broken fences. In terms of the cold war the rival forces were not engaged but were digging in in preparation for the next offensive. The British Government, smarting from the Suez misadventure, decided on its own 'agonizing re-appraisal' of Britain's defence needs and thereby caused commotion among its NATO allies. France, even more embittered, complained of American and British delivery of arms to Tunisia and of American opposition to France's Algerian policy in the UN. The growing reliance on German military contribution to NATO, symbolised by the appointment of General Speidel as NATO Commander Central Europe, caused uneasiness in many quarters and gave credence with some to the Soviet claim that NATO was merely an instrument of American and German industrial monopolies.

Among the communist States the direction of policy was affected by the power struggle within the Kremlin which was decided only in June by Khrushchev's victory over his Stalinist rivals and confirmed in October with the dismissal of Zhukov as Minister of Defence. The official line condemned alike the dogmatists and the revisionists. The leaders of the communist States were brought into line but not without the special intervention of Chou En-lai with Gomulka and even then at the price of offending Tito. But as the communists assembled in Moscow to celebrate the 40th anniversary of the Revolution the Soviet Union scored its greatest propaganda triumph by the launching of Sputnik, the supreme symbol of the Soviet's technological achievements.

The Suez fiasco led to a sharp decline in British power and influence in the Middle East and left what the Americans believed to be a power vacuum. Fearing the intrusion of international communism into this area the Eisenhower Doctrine was proclaimed and to give effect to it, when it was thought the Jordanian regime was about to collapse under pressure from Egypt, Syria and Iraq, the American Sixth Fleet was moved into East Mediterranean waters. To the larger Arab States the Eisenhower Doctrine was unacceptable. Operating from Cairo the Arab nationalist organization stirred up trouble for the

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British in Oman, in Yemen and near Aden. Meantime the Russian reaction to growing American interest in the Middle East was to denounce it, with the Bagdad Pact, as provocative in the vicinity of the frontier of the Soviet Union.

Other regions of the world in 1957 were quieter. China was engaged, among other things, in the domestic experiment associated with Mao Tse-tung's 'Let a hundred flowers blossom'. In several South American States protests turned to rebellion against dictatorial governments. Fidel Castro had landed in Cuba and had begun operations in the mountains against the Batista regime. There was a quickening of tempo on the African continent as Ghana achieved the status of self-determination.

The editor has selected his documents wisely and fairly covered the main international issues of the year. There is practically nothing on China, Africa, South East Asia or South America, but it can be argued that these areas were not the centres of conflict in 1957. Perhaps the Geophysical Year might have got more attention and some readers will miss the international reaction to the launching of Sputnik. Pride of place (nearly 40 per cent of the space) goes to the Middle East. The rehabilitation of both NATO and the Communist bloc after the disastrous events of 1956 receives fair and equal treatment. For the rest a quarter of the book is taken up by the interesting, if futile, Bulganin-Macmillan correspondence and proposals and counter proposals on disarmament. There is a brief reference to the deadlock on the German question.

What then are the lasting impressions after reading these documents? Tiresome re-iteration of unchanging and irreconcilable attitudes on all questions and we close the book as sometimes we leave a movie with the thought, 'This is where we came in'.

*W. A. Townsley*

NEITHER WAR NOR PEACE: THE STRUGGLE FOR POWER IN THE POST-WAR WORLD. *Hugh Seton-Watson*. London, Methuen & Co., 1960. Pp. 504. Australian price 56/6.

The market is offering an ever-increasing number of general surveys and introductions to world affairs. Most of such works are useful only to the extent they are up-to-date and generally informative. The continuously changing world situation makes for general confusion as new personalities, odd political movements and unexpected crises follow in the wake of the rise of new countries and alarming technological innovations. Wide knowledge and courage are required to make the attempt of bringing some sort of order into this picture. It is extremely hard to know what to choose amongst key issues in the light of which an interpretative picture of the world situation could be offered to a public confused by the multiplicity of what must appear, and in fact may be, totally disconnected developments. Most authors seem to run away from the task of interpretation and offer instead an encyclopaedic survey of events in selected—or in all—parts of the world. Even the inclusion of generous documentation, which has become the general practice among writers on world affairs, has not improved matters, for sources of this type are as a rule official statements and press releases, which at best sum up complicated situations in a language so official that it must by its very nature exclude a proper explanation of the basic factors leading up to the events concerned. As a proper academic discipline of international affairs hardly exists, anyone can take his pick how to tackle it. Most writers have found it irresistible to regard the political and diplomatic relations between

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sovereign countries as the very substance of world politics. This view has much to recommend it, but it has very serious limitations. It tends to exclude the whole complex of the internal social, economic and political problems of a variety of established and developing social systems. Without investigating the relation between these issues and the conduct of external relations a systematic analysis of the international situation cannot be provided.

Diplomatic histories, conference reports, inside dope about leading personalities or sheer speculations about 'coming' developments therefore have been characteristic of most of the material available, and routine reflections about the virtues of democracy and totalitarianism often provide a comforting but totally unconnected framework for what are at best useful encyclopaedias of the world situation.

To read Seton-Watson is to experience a pleasant change from this run-of-the-mill approach to the subject. Like most books of this type, his scope is extremely wide and ambitious. But by combining description and analysis, the author has succeeded in presenting a simplified and clear picture of the present international situation without being in any way superficial. For that reason alone the book is likely to be more enduringly valuable than most others available. The author chose the growth of totalitarianism and anti-Western nationalism as the two most vital issues in present-day international politics. Diplomatic moves and international conferences receive little attention because Seton-Watson believes in the obvious but often neglected proposition that international problems cannot be properly evaluated without a careful discussion of the internal policy of most of the important countries of the world. His narratives are comparatively short but miraculously complete. In his chapters on Europe, Asia, the Middle East and the Far East, the permanently important issues are underlined and meaningfully linked to the attitudes and conduct of the external relations of the countries concerned. The social and political differences between agricultural and industrial societies are carefully analysed, and great attention is devoted to the changing positions of the working and middle classes and the rise of new elites in the developing countries of Africa and Asia. An indispensable background is thus provided for the attitudes and methods displayed by the policy-making elites of these countries. The relationship between the intelligentsia and the illiterate peasant masses is treated in a way now common among experts on this subject, except that Seton-Watson strongly emphasizes its international implications.

A special chapter on the nature of totalitarianism, unique in a book of this sort, explains the political factors bearing heavily upon the ruling cliques concerned with the conduct of external affairs, and a fairly long comparative analysis of the intelligentsia in the most important countries in the world usefully complements the investigation of the situation in Communist countries. Seton-Watson shows that the outlook of the new elites in African and Asian countries is neither pro-Soviet nor pro-American. This point has been made by others before, but never has it emerged so clearly from a general analysis of the internal social and political situation in the countries concerned.

Unlike most writers, Seton-Watson does not believe that the 'cold war' could be ended by a summit conference which would usher in the millennium of peaceful co-existence. To him 'cold war' and 'peaceful co-existence' are one and the same thing, a permanent background condition to a world situation which he proves convincingly cannot be understood solely in terms of East-West tension.

*H. A. Wolfsohn*

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FOOD, LAND AND MANPOWER IN WESTERN EUROPE. *P. Lamartine Yates*. Sponsored by the Twentieth Century Fund. London, Macmillan, 1960. Pp. xiii + 294. Australian price 55/6.

THE COMMONWEALTH AND EUROPE. Prepared by *The Economist Intelligence Unit*, London, 1960. Pp. xiv + 606.

Mr Yates's latest agricultural survey is lucid, general and long-term. His thesis is not perhaps new, but it has never before been so well presented. He sets himself the task of forecasting what changes in the methods and scale of food production in Western Europe are necessary in response to the growing dynamism of its economic growth. His reply is based on an up-to-date historical survey of what people used to eat and now eat, and of trends in nutritional policy, consumption patterns, and farming methods (analysed country by country).

Mr Yates gives a clear and precise account of the difficulties of forecasting food requirements, an account that should be easily understood even by readers little conversant with details of the calculation of elasticities of demand. After this discussion, he selects for his projection of food-needs, certain income elasticities chosen 'arbitrarily' only in the sense that they result from his judgment not from any simple extrapolations. On this basis, if the real *per capita* income of Western Europe is to increase by 50 per cent by 1970 (as is assumed in this series of Twentieth Century Fund studies), Western Europe will consume soon 35 per cent more fruit, 30 per cent more meat, eggs and non-alcoholic beverages, 25 per cent more sugar and 10-15 per cent more vegetables and fats. Foodstuffs in general will need to increase by 27 per cent at the farm gate. But whose farm gate? The European farmer's or the overseas supplier's? Mr Yates discusses European imports and exports of foodstuffs rather briefly in Chapter XI. His view is that by 1970 bread grain imports will have to decline; coarse grain imports, on the other hand, are unlikely to fall and may expand considerably. Sugar imports seem certain to rise; fruit imports are more doubtful, for Europe as a whole, since production in Spain and Italy may well expand. There may be a modest increase in meat imports.

When Mr Yates examines policy, he relates further developments to a careful survey he has made, country by country, and commodity by commodity, of the farming resources and policies in each, as well as of the level of demand. He advocates a strong European policy of reducing the size of the labour force on the land, simultaneously raising output. He advocates, too, consolidation of farm holdings so as to reduce fragmentation, and the development of industry to absorb both rising populations and persons leaving agriculture. In none of all this does he give much attention to what is actually taking place at top policy level, or to the policy that the EEC is likely to follow. His general point of view leads him to demand that price and support schemes, and import quotas, be progressively abolished. European governments should not seek to preserve any status quo, he thinks, but should reorganise the farming output of Europe to meet the enhanced demand of the 1960's; the balance required can be met from imports.

*The Economist Intelligence Unit's* study has a different objective. Here too there are projections of national income figures, and estimates of food requirements, but the whole study is oriented towards answering the question: What will be the most likely effect of the EEC and EFTA policies upon imports to Europe from Commonwealth countries? The study is, moreover, not of agricultural



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products alone; it includes manufacturing, shipping and all other activities.

Australian readers of these studies will have good cause to be both stimulated and disturbed. The growing markets of Europe seem likely to take more Australian wool, and Australia might even double its sales of beef and veal to the EEC. The export of minerals, too, might double by 1970. Major exports to the EEC may, indeed, rise over the next fifteen years by an average of about 40 per cent. While exports should be able to increase, the *Economist's* study brings out the extremely vulnerable nature of the Australian economy. Australian real national income per head of population (whatever judgment one makes at the appropriate price index with which to deflate the money figures), has stagnated or perhaps declined since 1950. This is a very different story from Canada, with a 20 per cent rise in real national income per head, or South Africa with an increase of some 16-20 per cent. Any slight upset in Australian export earnings, or in the flow of capital into the country, can provoke a crisis for the Australian economy. One dangerous aspect of the EEC policies is that, with their common tariff coming into force, Australian industrial products can hardly hope to compete; and although there is little trade of this kind now, it is important. But virtually none of the rising producing power of Europe can be used to change the future pattern of trade favourably for Australia. Foreign exchange is, as the *Economist* Unit rightly says, the limiting factor in Australian expansion, and the closing of a potential market may adversely affect, indirectly but effectively, the rapid industrialization of Australia.

All estimates of future foreign trade are highly speculative, and acknowledged to be so by the authors of these studies. It is the general, rather than the particular, conclusions to be drawn from them that carry weight. There are two great questions; the long-run implications of the formation of the Six or EEC, and the vulnerability of the Australian economy. India and other providers of cheap and simple manufactures do not immediately suffer from the present EEC arrangement, but they stand to lose an important potential market at a later date. This shutting off of a rich market may have repercussions through India (and other similar economies) on Australia itself. Whether or not any further integration of the European economy would help or harm Australian exports, depends, of course, upon the scale and terms of the merger. If, for example, Britain joined the Six, and accepted a common European policy which increased European self-sufficiency by means of high internal prices and high tariffs, it is difficult to see how the great relatively open market of Great Britain could be maintained, or if partly closed, how it could be compensated for. Much will depend, in any case, upon the terms of the agricultural policies finally adopted in Europe.

One of two things will surely happen. Either the closer regional system of Europe will break down, or it will be initiated elsewhere, and the latter seems to be by far the more likely. Trade agreements, either bilateral or on some regional basis, will multiply to protect the economies of the left-over countries. These studies throw no light on these possibilities, but they underline the forces that are making for regional integration.

Ian Bowen

CANADA AND THE UNITED STATES: THE CIVIL WAR YEARS. Robin W. Winks. Baltimore, The Johns Hopkins Press, 1960. Pp. xv + 430. \$6.50.

Australians who have even a nodding acquaintance with contemporary opinion in North America will be familiar with the myth of the undefended frontier

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and with the irritation which post-prandial references to it can produce among Canadian nationalists. It comes nevertheless as something of a shock to realise not merely that Canadian resistance to one or other forms of American domination or absorption is as long standing as it still is vocal but also that active preparation against invasion by United States forces ceased only within the last century. How real the danger of hostilities was felt to be on the Canadian-American frontier during the Civil War is perhaps the most immediate impression gained from the book under review. The combination of influences, personal and otherwise, which averted this threatened armed conflict between the two North American neighbours during the first half of the eighteen sixties may, however, be regarded as ushering in the period during which the myth of the undefended frontier did in fact begin to make Canadian history.

Dr Robin Winks, a young assistant professor of history at Yale, is chiefly concerned to examine the record of the uneasy relations between Canada and the war-torn, disunited States to its South. In the process, he manages to destroy some of the minor myths that still cluster round the years 1861 to 1865. That he also appreciates the ultimate significance of the Civil War years for the two northern neighbours, in facilitating the passage from myth into history, appears from the latter of two seemingly contradictory passages in his final chapter, 'Toward Continental Security', which really sum up the argument of his book:

... The 'century of peace' was still a phrase waiting to be coined by some future after-dinner speaker, and the so-called undefended or unfortified frontier was patrolled closely throughout the conflict, so closely as to destroy any meaning, contemporary or historical, for the word 'undefended' ...

... If the century of peace technically was a myth, the undefended frontier is a reality today because men and human institutions were sufficiently flexible in the 1860's to stand the stresses that were placed upon them. Myths, if allowed to endure long enough, sometimes become folk truths ...

Apart from the provocation of such highly publicised incidents as that of the *Trent* (1861) and of the lesser known *Chesapeake* (1863), Dr Winks' careful survey of all relevant events affecting Canada and the United States between 1861 and 1865 shows that the real danger of Canadian-American conflict came from three quarters. At the beginning of the Civil War, Lincoln's untried and ambitious Secretary of State Seward appeared to think that fighting on the northern frontier might provide a national rallying cry strong enough to hold North and South together and perhaps prepare the way for his succession to the White House. Towards the end of the war, it was the Confederates who hoped to rally their failing cause by provoking incidents on the northern frontier like the Albany Raid of 1864. A Canadian-American conflict, they hoped, might have the double effect of relieving the pressure of Yankee armies in the south and also of bringing Great Britain's weight into the ultimate negotiations for peace. A third danger also lay in a combination of British interest in the cotton of the South and Canadian conviction that success of the Confederates and their effective secession would so weaken Yankee strength that continued autonomy of the British provinces would be assured.

In the event, no one of these three sources of danger proved strong enough to do more than prompt measures of military preparation and to provoke

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varying degrees of diplomatic and press irritation. From today's distance in point of time the risk of war may not seem to have been very great; contemporaries thought otherwise. That their fears, as revealed in Dr Winks' narrative, proved to have been exaggerated was partly the result of the wisdom and restraint of a number of individuals in high places. These included that nowadays-much-neglected British diplomat, Lord Lyons, and the new Governor-General of British North America, Lord Monck, who had assumed office only a few days before the news of the *Trent* affair broke in Toronto and gravely inflamed Canadian opinion. Seward himself seems to have grown with his responsibilities. He came to realise the true motives underlying Confederate-inspired provocation of Uncle Sam from across the Canadian frontier and, in the later years of the Civil War, worked on a basis of mutual respect and increased understanding with Lyons and Monck.

Besides the intrinsic interest of his narrative, Australian readers of Dr Winks' story (and some North Americans, too) will profit from the evidence it provides of the extent to which Canadian opinion for a time favoured the South. The undoubted sympathy which many Canadians had displayed with the anti-slavery movement, before the outbreak of hostilities, changed to exasperation and irritation when the North showed reluctance to make slavery the central issue. Exasperation changed to suspicion and hostility as the indissolubility of the Union was proclaimed in terms which Canadians interpreted as a likely prelude to the inclusion not only of the South but also of the British provinces in an expanded Union closely controlled from Washington.

Dr Winks is particularly interesting in his debunking of the minor myth of substantial Canadian enlistment in the armies of the North—an enlistment variously estimated at between 38,000 and 100,000 though more commonly at either 40,000 or 53,000. After a careful and convincing examination of all available evidence in support of these several estimates, Dr Winks concludes that the myth of thousands of British North American enlistments in the Northern armies 'lacks any basis outside the realm of wishful thinking'.

. . . Some undoubtedly fought from the love of adventure, some fought as a private crusade against slavery, some fought because they originally had enlisted for the bounty and found that they liked the life, some fought because they had nothing else to do . . .

This is an attractive and a substantial book which effectively combines narrative with analysis and, incidentally, throws significant light on Canadian Confederation. It may not perhaps be thought impertinent for a reviewer to express the hope that the author's industry in research and skill in presentation will receive the recognition they deserve among his academic compatriots, most of whom are almost as little interested in Canadian history as, more understandably, they have been in the distant field of Dr Winks' earlier published work, *These New Zealanders*.

*Canada and the United States* is brightly written and attractively produced. Its footnotes are detailed and comprehensive and the book ends with a 16-page Note on Sources. The author evidently enjoys turning a phrase when opportunity presents itself; at least one reader appreciated the unusual dedication of the book: 'To my wife, Avril, who will not read it'.

It is to be hoped that many others will.

Fred Alexander

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THE EMERGENCE OF THE MODERN INDONESIAN ELITE. *R. van Niel*. The Hague, W. van Hoeve Ltd., 1960. Pp. vii + 314.

THE GOVERNMENT ECONOMY AND TAXES OF A CENTRAL JAVANESE VILLAGE. *Widjojo Nitiasastro and J. E. Ismael*. Ithaca, N.Y., Cornell Modern Indonesian Project, 1959. Pp. vi + 37 (mimeographed).

THE SOCIO-ECONOMIC BASIS OF THE INDONESIAN STATE. *Mr Wilopo and Widjojo Nitiasastro*. Ithaca, N.Y., Cornell Modern Indonesian Project, 1959. Pp. iv + 20 (mimeographed).

THE POLITICAL CHARACTER OF THE TRADE UNION MOVEMENT. *Iskander Tedjasukmana*, Ithaca, N.Y., Cornell Modern Indonesian Project, 1959. Pp. + 130 (mimeographed).

Most recent writings on Indonesian politics have concentrated on the institutions through which political activity has been expressed, rather than the substantive issues that reveal what politics appears to be about in the eyes of the participants. All these books, in very different ways, help at least to fill in our picture of the environment within which the contest to mobilise political support is played out.

The elite which Dr van Niel has studied is the first generation of self-consciously modern and nationalist leaders, not the second generation who were associated with the Soekarno or Hatta groups in the 'thirties and who inherited power in 1945-49. His book is in effect a history of the Dutch 'Ethical Policy' from 1900 down to its abandonment in 1927. It traces the emergence of the modern Indonesian elite up to the unsuccessful communist risings of 1926-27, a climactic point for both the nationalist movement and the Dutch. Almost immediately afterwards, Soekarno began to build up a more broadly-based secular nationalist organisation, avoiding the doctrinal rigidity of the Communists and the Sarikat Islam. On the other hand, the idealist hopes which had inspired the Ethical Policy finally disintegrated with the realization that Western education was not leading towards a closer association of colony and motherland, but towards the social dislocation which fostered discontent and nationalism. Hence the Dutch reversion to a pessimistic, conservative and ultimately repressive colonial policy in the last fifteen years before the Japanese occupation—a switch which we can now see as disastrous, since it destroyed any hope that Dutch liberals and moderate nationalists might be able to find common ground in solving Indonesia's social and political problems.

The accelerating changes in Indonesian society which gave rise to these problems are clearly and fully revealed by Dr van Niel. They can be seen as the root of many problems of social authority and national identity which still remain to be worked out in Indonesia. To this extent the book has definite relevance to the contemporary situation, in spite of its essentially historical focus. Indonesia is still suffering from the lack of a firmly consolidated elite ready and able to take over authority from the hands of the Dutch. The Dutch themselves were never able to decide which group in society to use as their basic instrument of government, although they had virtually emasculated the traditional rulers in the 19th century. 'The prestige of the traditional elite had been lessened, though not completely eliminated, by government policy and social change. Hereditary claims to status and position, though not to be discounted, played a less important role than formerly. The rights of the functional elite—doctors, teachers and clerks—came to be tied closely to Western-style education and the possession of diplomas' (p. 242). The author also shows convincingly how the Dutch educational system, despite great caution,

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could not be tailored to fit one set of needs—for technicians and educated administrators—without producing discontent and social dislocation elsewhere. Lack of professional opportunities on the one hand and lack of the educational qualifications to pursue aspirations awakened by education on the other can be clearly discerned as the prime cause of discontent. Yet Dr van Niel's examination of the educational background of the Communist rebels of 1926-7, of whom an unusually high proportion was literate (p. 233-6), reveals that it was not the more highly educated Indonesians who participated in the rebellion, but those who had merely a primary education in the second class Native Schools or who had failed in secondary schools. For these people, education had brought dislocation from their traditional society, without offering adequate employment opportunities. No place could be found for them while Dutch colonial policy continued to move at snail's pace towards the identification of Indonesians in the process of government. Dr van Niel's account of the social implications of the tentative political and administrative changes proposed in this period shows clearly the deadlock which was developing. Politically (and, he might have added, economically) the dislocation of the traditional social structure by the 19th century colonial system had released forces which could no longer be contained within the old administrative framework.

Indonesian leaders themselves were well aware of the need for dynamic and creative adjustment to the new social situation confronting them. The solutions put forward differed widely, as between Westernisers and traditionalists, Moslems, Marxists and co-operating reformists. The institutional aspects of the early attempts by individuals and organisations to mobilise support for their ideas are more fully outlined by Dr van Niel than in any other history of this period. But two minor criticisms might be made. The author might have differentiated more clearly between the several elite groups which were striving for influence in the mid-twenties, particularly among the Moslems. The disintegration of the Sarikat Islam, the uncertainties of the Islamic Modernists at that time and the emergence of the Nahdatul Ulama in 1926 are the symptoms of a critical phase of re-alignment, whose consequences are still felt in the rift within Indonesian Islam. It is therefore a pity that little is said about the theological or social appeal of the Nahdatul Ulama, who receive only a passing reference. The sociological implications of the book's title are not carried beyond the distinction between a 'political' and 'functional' elite (p. 2), both of which are described from a historian's point of view rather than a sociologist's.

As a history of the period it is a valuable contribution. It is impartial in exploring the various aspects of a complex situation but at the same time sympathetic to the Indonesian point of view. Nonetheless, there is one omission which strikes me as a sign that there is still more to be said about the Indonesian side of the story. One of the last speeches of the great Indonesian teacher, Ki Hadjar Dewantoro, traces the origin of the contemporary concern with 'Democracy and Leadership' back to the discussions in Boedi Oetomo circles, and others, in 1918-21. President Soekarno's ideas on this subject are not just the reflection of a contemporary political situation, but are also derived from that continuing debate on the applicability of foreign liberal institutions in the Indonesian pattern of society and culture. Stated baldly, this point is a platitude, of course, but in the context of Indonesia's political development these ideas have an influence which an outsider can easily ignore. Because he is mainly concerned with the Indonesian-Dutch relationship, Dr van Niel

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has rather oversimplified the content of the Indonesian ideological debate which has a meaningful autonomous life of its own.

The idiom within which these ideas are expressed is in many respects unfamiliar to the Western reader. For this reason, it is valuable to have as much access as possible to the original debates. To my mind this is the principal interest in the Cornell translation of Wilopo's and Widjojo's speeches on 'The Socio-Economic Basis of the Indonesian State'. Essentially this problem boils down to a matter of definitions, which no one in Indonesia is very keen to draw distinctly. Article 38 of the 1950 Provisional Constitution declared, *inter alia*, that 'the national economy shall be organised on a co-operative basis'. The meaning to be attached to this stipulation is here discussed by two prominent and thoroughly 'Westernised' Indonesians. Both accept the basically socialist orientation of Indonesia's economic and social aspirations, since this is so thoroughly a part of the national ethos that not even advocates of private enterprise would deny it. Yet there is here a marked difference of approach between Wilopo and the younger and more essentially empirical Widjojo, who frankly recognises that this issue cannot be resolved in any simple terms. Wilopo suggests that the ideal must be achieved, even though he cannot say precisely what it involves. An outsider may feel impatient at the roundabout form of the discussion. But it does reveal significantly the way in which the problem is seen by a Dutch-educated legalist committed to the nationalistic mystique, however difficult it may be to square with empirical analysis.

The report on a Javanese village by Widjojo and Ismael is of quite a different type, purely descriptive and factual. In view of the lack of easily available information on the structure of village society, this is an extremely valuable account. It is, however, a pity that it does not also contain the material gathered earlier on the population structure of the village in question (Djabres, in Central Java), which was published in *Ekonomi dan Keuangan*, December 1956, since this is essential if one is to get any sort of concrete picture of village society. The explanation of the several forms of *gotong-rojong* ('mutual co-operation') throw useful light on the scope for mobilising this kind of collective activity towards constructive purposes. But the most remarkable revelation is the shoe-string budget on which a quite complex—and impressively efficient—system of village administration operates. The total cash budget of the village for 1954 was about £30, although this figure did not have to provide for the livelihood of the officials, who are recompensed for their services by grants of land.

Tedjasukmana's report on the Indonesian trade union movement conveniently brings together a good deal of useful information. His theme, that the pattern of historical development has pushed the *political* nature of the movement to the fore to a degree which now gives cause for concern, can hardly be controverted. But he has stressed it to the point of saying rather little about the purely *industrial* activities of the unions. One still wants to know how far the unions federated with the Communist SOBSI have won their dominant position simply by making more militant demands in industrial disputes than other unions. The author's experience as Minister of Labour for several years must have given him considerable knowledge about this, but the requirements of an academic thesis have unfortunately constrained him to a more theoretical and historical approach to political aspects.

J. A. C. Mackie



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COMMON SENSE ABOUT INDIA. *K. M. Panikkar*. London, Gollancz, 1960. Pp. 174.

INDIA TODAY. *Frank Moraes*. New York, Macmillan, 1960. Pp. 242.

In these books a distinguished diplomat-historian and a distinguished journalist seek to provide their own versions of the Intelligent Man's Guide to their country today. As one would expect, the journalist's book gives much the more vivid impression of the Indian society; Mr Moraes's sketches of Nehru and Gandhi as politicians are quite brilliant, and he provides useful thumbnail sketches of the men around Nehru and of some of his opponents. Sardar Panikkar supplies a more academic study of the bare bones of Indian polity; it is sober and pellucid like all his work but it hardly brings India to life. However, the reader who undertakes to read both books will be well served, since they happily tend to complement each other in some important particulars.

For example, Mr Moraes does not have as much to say about caste as one would have wished, whereas Sardar Panikkar makes much (too much?) of independent India's efforts to remove the terrible indignities suffered by the 60 million 'Untouchables' (those out-castes whom Gandhi, a believer in caste, took to his heart); and he points up the various factors—adult franchise, community projects, urbanization, and the unsettling influx of refugees—which he believes are significantly loosening the hold of caste. But it should be remarked that recent studies of village life suggest that he may be too sanguine about the effectiveness of legislation at the village level (and the mass of Indians still live in about 500,000 villages). Besides, some of the examples of social mobility that he cites—the rise to power or influence of hitherto lower castes in state assemblies—are not necessarily evidence of mobility of the ordinary democratic kind: state-bounded particularisms may not be conducive to the kind of secular social democracy towards which Pandit Nehru is endeavouring to lead India. Moreover, 'social mobility' within the village is today very often achieved by a caste improving its status through a process of what is known, not altogether happily, as 'sanskritization'; that is, by taking up, and rigidly adhering to, certain Hindu practices of a kind unlikely to inculcate enthusiasm for 'liberal democracy'.

On the other hand, Panikkar is very sensible of the dangers of political reaction, which he sees as more threatening than either Communism or regional particularism. Moraes is also well aware of the deep private conservatism even of many of the men around Nehru (whose policy they publicly accept with meekness) and he too is worried by the regional (language) problem but he is above all worried by the Communist challenge. As a result he looks hopefully to the time when the right and left wings of Congress split into separate parties, one of which will supply an alternative Opposition to the Communists.

It is in their analyses of the long-term development of Indian democracy that one observes a fundamental difference of opinion between the two writers. Panikkar believes that 'political power has shifted from the urban professional classes and the rural land-owners . . . to new people, who had no voice in the past' (p. 87). He believes that 'society is moving fast towards an integration of a magnitude and significance which entitles it to be called a major revolution' (p. 89). Though he admits 'the danger of the bureaucracy overshadowing democracy and using democratic forms only as a cover for arbitrary authority' (p. 72), he argues that 'the marked tendency to depreciate the political importance of the civil service while strengthening his administrative position' obviates the danger.

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Mr Moraes sees, not 'new people' but a 'New Class' of the kind described by Milovan Djilas, 'confined to the political bureaucracy or administrative hierarchy' (p. 95). Though in theory policy is laid down by the Working Committee of Congress, he argues that in practice 'it is the central government, personified by Nehru, which both initiates and implements it' (p. 96). 'Since 1955 the Congress president has functioned as no more than a glorified office boy of the Congress central government . . . The net result has been to weaken the party at the local or grass-roots level where its leadership is of poor caliber, and temporarily to strengthen the higher echelons represented by the Congress governmental hierarchy, or new class' (p. 98).

In general, Mr Moraes sees an India emerging which 'even if modern, seems inchoate and amorphous, neither Eastern nor Western, shedding ideals in the pursuit of ideas . . . ruled over by the new and monstrous regiment of officials, less well paid than they were and drawn from a strata which no longer represents the cream of the country's intelligentsia, [and which] swings into action much like the *kampus* of Communist China . . . Initiative has small scope in such surroundings, nor has intellectual integrity' (p. 236).

Significantly, this deep divergence of opinion on internal matters is matched by very substantial agreement on the correctness of India's foreign policy so far. Moraes expresses deeper concern about 'the Han hordes' on India's borders than does the former Ambassador to Peking; and what the journalist calls 'the rape' of Tibet the diplomat refers to as 'the effective occupation'. But the differences are mostly stylistic. It is difficult to read what they both have to say in general about India's 'non-alignment' aspirations, and its dream of achieving 'areas of peace', without acquiring a deeper sympathy for the Indian outlook. Whether this was ever a viable foreign policy is less certain. But even though Indians almost invariably overestimate their popularity and prestige in S.E. Asia, and therefore overestimate what India could have achieved in that region, even under less hectic international circumstances, Mr Moraes's and Sardar Panikkar's remarks on this difficult problem should be required reading for all SEATO enthusiasts.

The very vastness of India, which will have a population of nearly 530 millions in ten years' time (and where an M.P. at New Delhi represents about 720,000 constituents), a political society which 'by and large votes not so much on an individual as on a caste, communal, or local basis' (Moraes p. 222) ineluctably makes for lacunae in even the best short accounts; and the necessary compression and simplifications equally inevitably make for what may in the future be seen to have been distortions. In the meantime, these two books are exceedingly useful, not least perhaps for showing what assured and charitable commentators there are amongst the Indian intelligentsia.

Geoffrey Fairbairn

**DOUBLE IDENTITY: THE CHINESE IN MODERN THAILAND.** Richard J. Coughlin. Hong Kong University Press, 1960. Pp. xiv + 222. Australian price 51/6.

The Chinese in Thailand form one of the major communities of the Overseas Chinese, and one of the oldest. Their numbers remain, however, conjectural, due to the varying views of what constitutes a 'Chinese' in Thailand. It is very well known that a large number of Thais have some Chinese ancestry, but if these are excluded there is still the question of whether the 'Chinese' should mean the million or so who were actually born in China, or include the two additional million, who though born in Thailand, and sometimes of

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the third or even fourth generation, are still culturally and ethnically Chinese. This problem, and the associated one of the way in which the Chinese community keeps its identity, and how far it is changing, are the important subjects to which this scholarly and well informed study is directed. Mr Coughlin has no difficulty in disposing of the myth of the unchanging Chinese. He shows with a wealth of evidence how the community has changed and is still changing. Derived, as most other Overseas Chinese are, from poor migrants from the provinces of Fukien and Kuantung, the Chinese today are economically strong, mainly urban, often very wealthy, and for the most part literate both in their own script, and to an increasing extent, in Thai also. Such a community has few links except ancestral memory to bind it to the poverty-stricken villages from which it originated.

The Chinese of Thailand, in fact, resemble in this respect other non-Chinese communities—not excluding the Australian people—who have established themselves in a far-off land to which they migrated in search of a fuller life and enhanced standard of living. The difference is that the Chinese in Thailand have never obtained, or even sought political power, have not been under the protection of their home country at any stage, and do have to sustain a considerable degree of discrimination practised against them by the government of the country in which they live.

Mr Coughlin examines this aspect of Chinese life in Thailand, educational restrictions, employment and industrial bars, and other forms of discrimination with factual and temperate objectivity. He concludes that while the Chinese, with their traditional adaptability and economic adroitness, have circumvented many of these restrictions, and feel indifferent to others, they are not as a community assimilating with the Thais, but are developing new avenues of influence and wealth through their readiness and aptitude to undertake the advanced operations of modern business and commerce, and to adopt the customs and practices of the West.

On the other hand, Mr Coughlin shows that the Thailand Chinese, in this respect also conforming to the general culture pattern of the Overseas Chinese elsewhere, retain to a marked degree the traditional moral and ethical stand-points which ultimately derive from the teachings of Confucius. Hard work, sober living, marital fidelity, filial piety, business honesty, are the virtues they esteem and seek to instil into their children. Precisely because Thai customs are dissimilar—work is a 'worldly' occupation and a good Buddhist should not stress the acquisition of wealth, Thai marriage bonds are easily dissolved, family ties are loose, business is an alien occupation—Chinese fear that close association with Thais will wean their sons from their own traditional outlook. For this same reason Chinese, even of Thai nationality, seek to avoid military service, lest it corrupt their youth, and will rather renounce the advantages of citizenship than incur the moral risks which they associate with Army life. It is equally probable, although Mr Coughlin does not actually say so, that Chinese indifference to political power and participation in the government springs from the traditional view that politics are the business of the rulers with which ordinary folk are ill advised to meddle. In their origin the families from which they came had no part in Chinese political life; they would feel even less inclined to intervene in a foreign country where such involvement was frowned upon. Even in other parts of South East Asia, where Chinese have received encouragement to participate in politics, they have, in the mass, shown strong reluctance to do so, which is only slowly breaking down.

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Thus, although at an earlier period there was much intermarriage between Thais and Chinese, there is now much less, indeed such unions are becoming uncommon. Thai emphasis on the merits of being 'pure Thai', reinforced by legal and political advantages for those so descended, promotes endogamy on the one side; Chinese belief in the moral 'softness' of the Thais acts in the same way on the other. The author therefore concludes that the Chinese community is unlikely to be assimilated, but is certainly subject to changes which may render it less suspect and alien in the eyes of the Thais, notably as a result of the spread of higher education in Thai schools, and the increasing bilingualism of the Chinese population. The stage would seem to be set for the creation of a more or less harmoniously adjusted plural society, were it not for the fact that Thai fears are constantly revived by contemplation of the growing power of the People's Republic of China. Historically it is undeniable that China has 'marched southward', the march, of course, being far more often the peaceful intrusion of settler communities than a military operation. But political control, and ultimate absorption has, in the long run, been the usual end to such intrusions. Most of the present south western provinces of China were, up to four centuries ago, independent native kingdoms of non-Chinese race, some of them governed by Thai dynasties. The shadow of China lies over Thailand, and this factor inevitably exercises a profound influence upon Sino-Thai relations within the Kingdom.

C. P. Fitzgerald

THE CHINESE COMMUNES. A. V. Sherman and A. Zauberman. Introduction by Geoffrey Hudson. Under the auspices of Soviet Survey. London, 1959. Pp. 79.

This short work is a useful collection of the Chinese Press comments on the first year of the Communes, together with an analysis of the political and social function of the system by A. V. Sherman and of the economic aspect by A. Zauberman. G. Hudson contributes an introduction which traces the course of Russian Soviet policy towards the peasants and land tenure, and notes the points at which Chinese policy has diverged from that of the USSR. This survey makes the important point that whereas the various previous stages of Chinese policy had some Soviet model or experiment to guide them, the establishment of the People's Communes had no Russian precedent of any kind. It is also plain that the Russian Party eyed the Chinese development without much enthusiasm. This attitude was shared by the East European Communist states. A Polish journalist, taken to see a Commune near Peking in October 1958, remarked, 'I cannot write about this for the Polish Press'. Such reticence may have been partly inspired by political embarrassment at the current Chinese claim that the Communes were a first step to full Communism—thus by implication more advanced than anything in Russia—but it is possible that Chinese conditions being so greatly at variance with Russian experience, the European Communist lacked any standard by which to judge the value and purpose of the Chinese policy. It is not surprising to those who know China to find a Chinese initiative designed to meet a peculiarly Chinese problem, for which Russian experience offered no help. Mr Sherman, perhaps too hastily, concludes that the experiment failed in China; Mr Zauberman does not entirely agree; he sees many of the changes of policy and reversals of directives on which Mr Sherman lays great stress, as 'teething troubles', and directs more attention to the economic problem—that of surplus labour in the rural areas. He also makes a very interesting suggestion that it is with Japan, rather than Russia, or the West, that the Chinese economy

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should be compared, and draws attention to the importance of small scale industry in Japan, a development which the Communes seek to achieve by a parallel method, outside the capitalist system. This is a fruitful idea which could be examined in greater detail. It seems a little strange that neither contributor, while examining the failures and results of the Commune experiment, should have noted one unquestionable success, the great expansion of water conservancy, flood prevention and irrigation, which Commune control of a large area has rendered possible, and achieved, being no longer hampered by any consideration of private or even of collective farm property. One might add that Mr Sherman's comment (p. 15) that the Chinese government in Peking felt in 1957 'far from secure' does not appear to be based on any reliable evidence, and is not in accordance with the views of Western diplomatic missions on the spot. No government should be judged by the language it uses about potential (often almost mythical) opponents. If the same standard were to be applied in Australia, one would be forced to believe that the Menzies government really felt afraid of being overthrown by the Australian Communist Party.

C. P. FitzGerald

ATLAS GENERAL LAROUSSE. Paris, Librairie Larousse, 1959. 431 maps and diagrams in colour, 183 diagrams of urban sites, 250 statistical tables, 30 historical comments and an index with 55,000 names. Pp. 456.

OXFORD REGIONAL ECONOMIC ATLAS: THE MIDDLE EAST AND NORTH AFRICA. Prepared by the Economist Intelligence Unit and the Cartographic Department of the Clarendon Press. London, Oxford University Press, 1960. Pp vii + 135.

In recent years, a number of atlases have appeared which seek to be more than mere references for place names. While fulfilling this function more adequately than all but the best (and most expensive) of the earlier atlases, modern atlases are catering increasingly for those who wish, in referring to areas rather than to places, to find additional mappable material, as well as that conventionally shown, in the detail of the atlas. From the two atlases briefly reviewed here, physical, historical, political and economic material may be extracted for reference, or studied in areal context as part of the total morphology of the region examined. They contrast in scale and in breadth of content, but both admirably serve those students who wish for a more sophisticated presentation than was at one time readily available.

*The Atlas general Larousse* is intended as a reasonably comprehensive reference, within a manageable compass, of both world and regional material. The editors acknowledge their indebtedness to the larger and more comprehensive *Atlas international* on which it is based. World and national patterns of geographic material are outlined in a series of introductory maps. Economic maps for each country show not only the location of productive activities, but also, in a scattering of diagrams, correctly located, the relative importance of each. Historical maps trace 'the evolution of the people' on the continents, and in a selection of the more significant countries.

France, naturally, is treated in considerable detail. In addition to the conventional map material, economic maps show regional detail of manufacturing and agriculture. For example on the maps of manufacturing industries, subdivisions include the heavy metallurgical industries, those industries which shape and assemble metal products, instrument making, automobile, aviation, ship building, chemical and textile industries. Where

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practicable these have been grouped in zones in order to indicate characteristic combinations in particular areas. On large scale regional maps are classified and located the cities of various sizes, administrative boundaries, rail, road routes and canals. Not all countries receive this detailed treatment. Asian maps are on a smaller scale; Australia fares rather badly. The atlas contains an index which is liberally interspersed with diagrams of cities; historical notes and tables of economic statistics up to 1957 are included in a final section.

The second atlas here reviewed is produced on a much more modest scale. Atlas size is smaller (quarto) and the pages fewer. Moreover the atlas is limited in its coverage to the *economic* features of the Middle East and North Africa. But to students with a particular interest in the politics of these highly inflammable areas, the atlas will be an invaluable aid. Twenty-three countries from Morocco in the west to Iran in the east, as well as Sudan and Ethiopia, are represented.

This is the third of the Oxford economic atlases to be published. (The first was a world economic atlas; the second dealt with the U.S.S.R. and eastern Europe.) It is divided into four sections. The first contains general reference maps including one which classifies and locates the various types of international boundary in this politically unstable area. In the second section, topical maps of the whole region are to be found. Geology, vegetation, climate and soils are useful base maps, but some of the more specialized regional material is not without considerable background interest to the student of politics. Irrigated areas and cases, water balance diagrams, monthly river flow diagrams (with bar graphs subdivided for the contribution of the more important tributaries) are all included. General agricultural activity is shown on one map. There follow a number of sub-regional maps of specialized agricultural production. Land use in Cyprus and the Sudan are shown on larger scale maps. As would be expected, the oil maps are particularly detailed and carry a wealth of information. Oil fields, oil production and oil pipelines are shown on one map. Oil concessions are outlined, and a large scale map sets out in useful detail production from the Persian Gulf area. A third section consists of notes and statistics. A gazeteer completes the atlas. In general its selection of material, unavailable elsewhere, offers a necessary basis for the assessment of political alignments, traditional activity and new forces in the Middle East.

The student of international politics will find in both atlases a ready source of factual material which, if ancillary to his more urgent interests, will, nevertheless, form part of the background out of which broader political issues have emerged.

C. A. Duncan



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